

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, JANUARY 18, 1934

## What can happen to a MOTORIST WHO HAS AN ACCIDENT, BUT NO AUTOMOBILE INSURANCE!



*F*IRST comes the roadside argument. Then the demands for damages—thousands of dollars asked for personal injuries, hundreds for damage to the other car.

This means retaining a lawyer, and from then on the expenses and worries begin to pile up.

Courts are congested, so months may elapse before the case comes up in court. During this time the motorist can only wait and worry, often losing sleep, his appetite and his zest for work. During this time the plaintiff may attach his bank account, home and other property to make sure that they will not be transferred to others to avoid payment of the judgment.

Finally the case comes to court. The judgment is rendered—\$5,000, \$10,000, perhaps even \$25,000. On top of that come court costs and lawyers' fees.

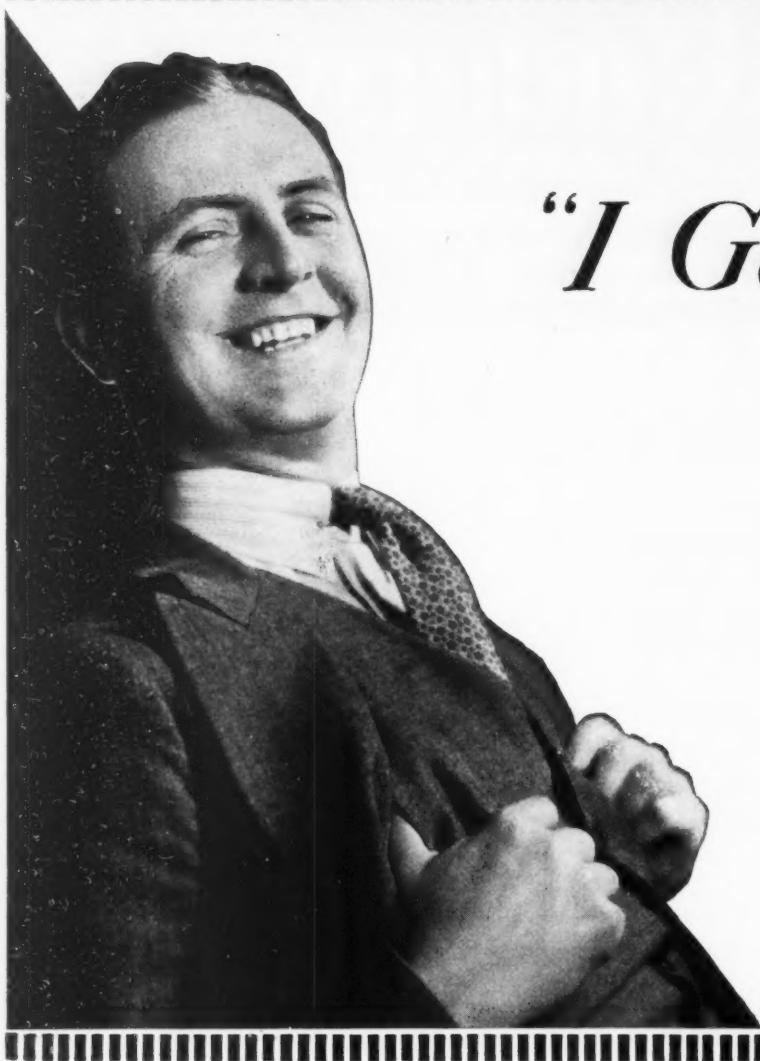
How to raise the money is the next question. What must be sacrificed; what must be sold? Sometimes the fruit of a lifetime's effort must be handed over to satisfy the claimant.

Why should a motorist run all these risks when adequate Travelers Automobile insurance can be so reasonably obtained?



## THE TRAVELERS

The Travelers Insurance Company  
The Travelers Indemnity Company  
The Travelers Fire Insurance Company  
Hartford, Connecticut



# "I Got the Job!"

He came home  
the other night, all smiles.  
"I GOT THE JOB!" he said.

MULTIPLY this homecoming by four millions, add the fastening that has gone into pay envelopes until it totals several billions, and you know that something has happened.

Once more factory chimneys smoke. People are going back to work. Goods are moving. Payrolls are climbing. Construction is getting under way.

Time and change . . . things are happening so fast that it is impossible to predict the progress of events. But facts seem

more convincing, better rooted. There is definite movement; no longer stagnation.

Conservative in our enthusiasms as well as in our business dealings, yet we believe that conditions at this time warrant new confidence in the immediate future. At any rate we feel surer of our ground in wishing you a happy and prosperous New Year. There seems to be a good chance that it will be realized this time.

## THE AETNA FIRE GROUP HARTFORD, CONNECTICUT

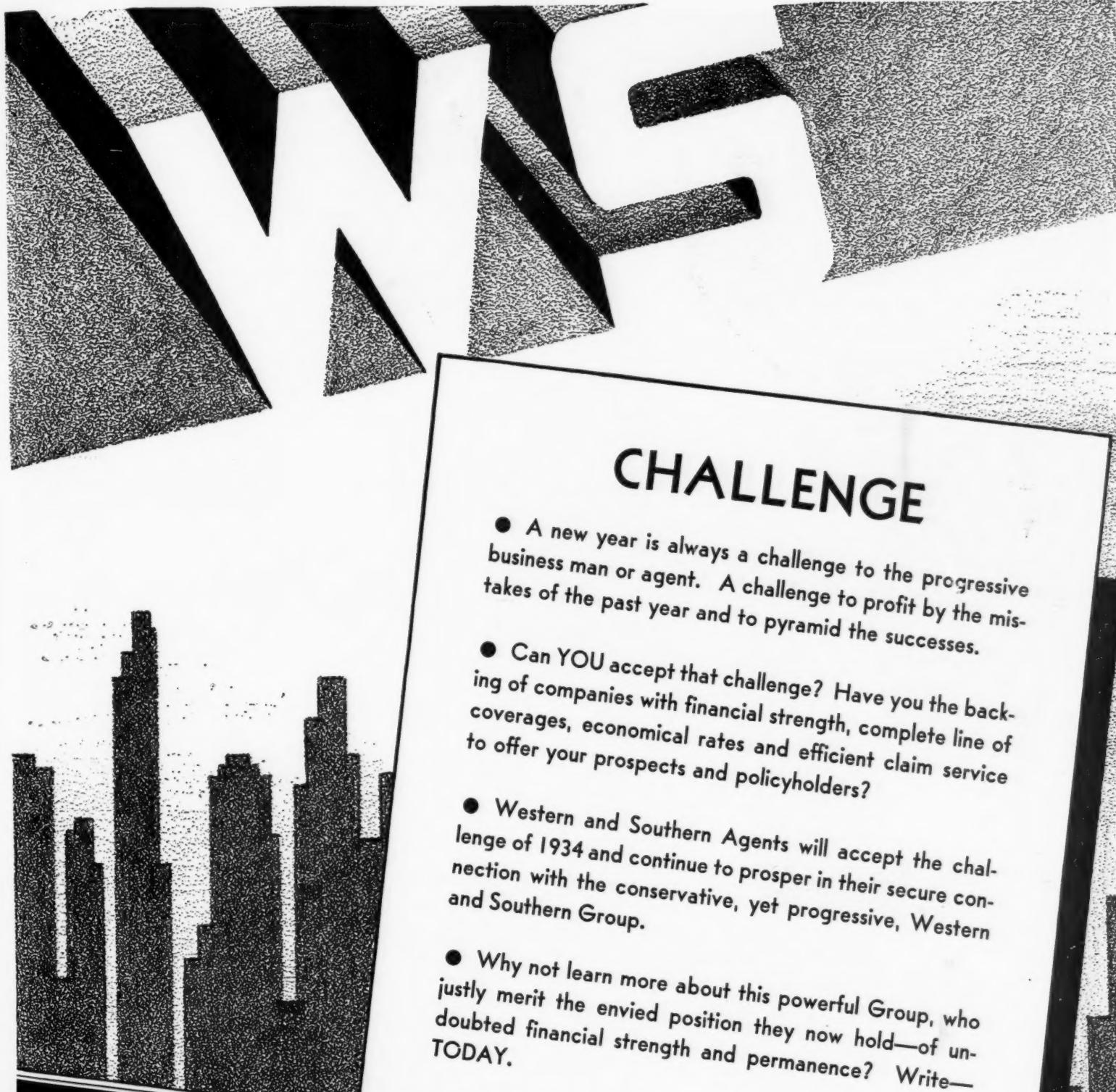
AETNA INSURANCE COMPANY - THE WORLD FIRE AND MARINE INSURANCE COMPANY  
THE CENTURY INDEMNITY COMPANY - PIEDMONT FIRE INSURANCE COMPANY

NEW YORK

CHICAGO

SAN FRANCISCO

CHARLOTTE, N. C.



## THE WESTERN & SOUTHERN INDEMNITY CO. THE WESTERN & SOUTHERN FIRE INS. CO.

Charles F. Williams, President

William C. Safford, General Manager



- ALL lines of insurance are easier to sell with Western and Southern folders. Forceful, successful and productive of results. Why not send for samples? TODAY.

# NOT JANUS

the Roman god

*(At the time  
of purchase -  
PLEASED!*

*At the time  
of loss -  
DISMAYED!*

-but a man who saved  
a few dollars on a  
cut-rate insurance policy.

Point out to your clients that the best is cheapest  
in the end - and the best is sound stock company insurance.

PROVED BY THE ACID TEST OF TIME

## The AMERICA FORE GROUP

THE CONTINENTAL INSURANCE COMPANY  
AMERICAN EAGLE FIRE INSURANCE COMPANY  
FIDELITY-PHENIX FIRE INSURANCE COMPANY  
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,

NEW YORK

CHICAGO

SAN FRANCISCO

## of Insurance Companies

NIAGARA FIRE INSURANCE COMPANY  
MARYLAND INSURANCE COMPANY OF DELAWARE  
THE FIDELITY AND CASUALTY COMPANY  
ERNEST STURM, Chairman of the Board  
BERNARD M. CULVER, President



New York, N.Y.

ATLANTA

DALLAS

MONTREAL

# The National Underwriter

Thirty-Eighth Year—No. 3

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JANUARY 18, 1934

\$4.00 Per Year, 20 Cents a Copy

## Brokers Launch Attack on Code

New York Association Calls Action Taken By Agents "Presumptuous"

### A BLISTERING STATEMENT

**Charges Code Would Not Merely Regulate Direct Representative of Assured, but Would Eliminate Him**

NEW YORK, Jan. 17.—That the insurance brokers were opposed to the adoption of the code as prepared by the National Association of Insurance Agents, L. J. Rice, president of the Insurance Brokers Association of New York, emphatically declared at the first joint conference of company officials and representatives of the business producing bodies in this city last October.

Since that time the brokers have made a more intensive study of the provisions of the code, and it is understood, have marshalled their arguments and are prepared to fight to the uttermost, acceptance of the code by the NRA authorities when the hearing is held in Washington.

The position of the brokers, briefly outlined by Mr. Rice at the joint gathering last fall, has been set forth in considerable detail in a blistering statement by the Insurance Brokers Association of New York.

#### Presumptuous, Brokers Say

The brokers condemn the National Association of Insurance Agents for filing a code "including all producers of insurance premiums under a general heading and without obtaining the approval of the other groups." Brokers, the statement declares, would consider it presumptuous and unfair for them to file a code regulating the whole insurance business. If they should attempt to regulate the companies or the agents, then they would no longer represent the best interests of their clients.

The agents, according to the statement, are no more justified in speaking for the insurance brokers and including them in a producers' code than they are in writing a code for the entire insurance business and automatically including companies as well as brokers.

#### Local Code Committees

The brokers' statement declares that the agents seek, in filing a code, to attain four objectives—to establish the inalienable right of local agents to a commission on all business located within their territories regardless of where it might originate or by whom the insurance may have been arranged; to eliminate competitive practices as to rates, forms or excess commissions that have become prevalent among local agents and which are beyond their control to improve; to eliminate wholesale insur-

(CONTINUED ON PAGE 33)

## Prosperity, Detained in July, Is on Road Again

By JOHN F. WOHLGEMUTH  
Secretary The National Underwriter

Stabilization of the dollar, brought near by the President's message to Congress, caused an upward surge in all markets. Business will now go forward the way it started last spring, prior to the July break, with only the drawback of intervening developments, such as codes and overwhelming taxes.

An unstable dollar works evil in two directions. Those who have money are afraid to lend it, because when the due date comes around the dollars they receive in payment may be cheaper than those they lent. The other side is equally bad but has had little attention. Responsible borrowers are afraid to take on obligations in unstable dollars, because if the conservatives prevailed, part of the former sound value of the dollar might be restored.

#### Law Instead of Pledge Will Now Be the Order

Government buying of gold was a practical pledge, a human pledge, that the official devaluation would go at least as far as the price fixed for newly mined gold. The law now asked by the President guarantees to the world that the devaluation will go at least as far as 60 cents, and particularly, that the dollar will not be allowed to swing back to a higher figure. Thus borrowers need not fear that they will have to pay back in dear money. One of the great drawbacks to recovery has been the reluctance of sound borrowers to make commitments in unstable dollars and this assurance alone should be an effective spur to revival of sound business.

This will affect insurance companies mainly in interest rates. Money has gone begging. Banks have been so crammed with money which their good customers were unwilling to borrow that interest on commercial deposits was cut to one-fourth of 1 percent a year, before the government forbade any interest. Insurance companies, of course, do not make commercial loans, but when business goes forward the normal lending fields of the companies will open up. They can look for a better yield on investments than has been obtainable in recent years.

#### Brakes on Recovery May Be Very Desirable

General recovery, of course, will restore the values of their old investments. This restoration may come rather rapidly. The only things now in the way of recovery are the codes, and the threat of overwhelming taxes. It may not be a bad thing that the codes are here to put the brakes on recovery. A tempestuous boom would be as dangerous as that of 1929. It is an illusion to believe that the country has learned anything from the collapse. Men who lost their shirts will risk their shoestrings the moment there is any hope of a killing.

The great thing is that from now on the business course will be upward. The

stock and commodity exchanges will have the usual traps for the foolish, but the trend of business will be upward. The President's message was a greater pledge of sound money than many newspapers seem to suppose. It was a masterpiece of sound politics, or of political soundness. It did not say that paper money was impossible or dangerous, which is what the sound money advocates would like to have in the record. It recognized, what economists have always recognized, that if there was universal agreement on the value of paper money it would be entirely practical. The pledge of sound money is in the statement that there is no way to get that agreement without metallic backing for money. In a state paper such a statement is an adequate pledge. The hints on silver are conservative. The silver possibilities outlined may be useless, but they are not harmful or dangerous.

#### Assurance Given to Borrowers and Lenders

Even if final stabilization does not come immediately, borrowers at least have the assurance that the dollars they have to pay back will not be any dearer than 60 cents, old value, while lenders know that the dollars they get back in payment of those they lend now will not be any cheaper than 50 cents. This "swing" is not greater than normal "swings" in the purchasing power of money and is not a threat to commercial operations. Speculators, and particularly manipulators, will be more conscious of this 20 percent margin and their operations may occasionally fill the public eye. Commercial and industrial interests, however, now have all the assurance they need for stable operations.

#### Codes May Cause Some Strikes by Buyers

The codes, aside from their general obstruction of business, are being used for such heavy gouges of consumers that they may lead to the familiar buyers' strikes and thus paralyze business again. There is no help for that except the restiveness of the extortions when they realize that the customers will withhold their purchases rather than submit to the robbery. A buyers' strike is not noisy and there is no rioting. The extortions, however, are soon conscious of it and the buyers usually win.

In some lines of business, buyers are being asked to stand for price increases of 40 or even 66 percent, to cover new wage costs that are fictitious or trivial. Such an obstruction to business will of course hold back the general recovery.

It is possible, of course, that the codes will now go overboard as unnecessary. If business begins to take hold again as it did last June there will be very few people interested in retaining the codes. Insurance men know how

(CONTINUED ON PAGE 25)

## Year's Losses Off Quite Materially

National Board Figures Shows 1933 Figure 28.4 Percent Lower Than 1932

### CAUSES FOR THE RECORD

Number of Factors Contributed to the Favorable Experience During the Last Twelve Months

The National Board report on fire losses for the year shows total \$316,897,733, as compared with \$442,143,311 in 1932, and \$452,017,026 in 1931. Therefore the total for 1932 shows a reduction of \$125,245,578 or 28.4 percent from 1932. This is the largest decrease in a single year for more than 10 years or so.

There is considerable speculation among executives as to the causes of this remarkable showing. All agree that while some of the elements going into the improved condition may be permanent, the year cannot be taken as indicative of a continuous experience of a like nature.

#### Fewer People Insured

Fire insurance like life insurance has a standard gauge of mortality. Premiums were off last year and there were far less people insured. With fewer policyholders naturally there would be fewer losses. The economic situation had much to do with the fire loss. The country has gone through four years of severe depression. During that time there has been much moral hazard. The day has been a survival of the fittest so far as individuals and businesses are concerned. The weakest have dropped out of the ranks. Those that felt called upon to contribute voluntarily to the fire loss have done so. The concerns that remain can be regarded as thoroughly permanent. There was less moral hazard last year than previously. The water has been pretty well run out.

#### People Were Sollicitous

Furthermore, during the early part of the year when the bank situation became acute and business was in a chaotic condition, policyholders wondered whether they would get their insurance money if they had a loss. There was considerable doubt in their minds as to what might happen. Those that did not want to have a loss were more careful than ever and were watchful of their premises. As time has gone on, those that had equities in property found them about vanished due to accumulated interest, taxes and charges. Therefore there was no incentive to burn out because the equity had practically vanished.

Another feature undoubtedly contributed to the loss record and that was the fact that many factories and business

(CONTINUED ON PAGE 33)

## California Goes Own Way as to Security Valuations

### HAS INDIVIDUALISTIC COURSE

Commissioner Mitchell Announces Formula Which Differs from Convention Formula and Market Value Basis

Commissioner Mitchell of California has gone his own way and laid down rules for the valuation of securities in the 1933 statements, which differ from the convention formula and also from the rulings of those commissioners, who are requiring market values.

Bonds amply secured and not in default in principal and interest may be entered at their amortized values. If a company desires to use actual market value for bonds, such value must be used for all bonds or none at all.

Bonds not amply secured or that are in default as to principal and interest must be entered at their actual market value of Dec. 31, 1933.

#### Book Values for Stocks

Book values may be used for stocks of corporations that were solvent on Dec. 31, 1933, and that paid cash dividends last year at a rate, computed on the book value at which they are carried by the company, in excess of the minimum rate required to be earned to maintain outstanding policy obligations (such minimum rate to be in no case less than 3 percent).

All other stocks must be entered at market value Dec. 31, 1933.

Collateral loans may be entered at values not exceeding the unpaid principal nor more than 85 percent of the actual market value of the collateral.

Book value may be used for real property which yielded a net income last year at a rate, computed on the book value, in excess of the minimum rate required to be earned to maintain its ratable share of the reserve to be maintained on outstanding policy obligations; (such minimum rate to be in no case less than 3 percent). If these conditions are satisfied in respect to acquisition cost of such property, the acquisition cost may be used.

Actual market value must be used for all other real property.

Book value less 25 percent of excess of book value over actual market value of the underlying property must be used for mortgage loans more than one year in arrears of interest or taxes.

Values equal to the unpaid principal of the notes evidencing the loans, must be used for all other mortgage loans.

There is a final provision that where the financial condition of a company, or the nature or degree of liquidity of its assets or income, or the needs of its business are such as to require valuation on a basis of valuation different from that prescribed, the commissioner may change the basis and adjust the values reported as he deems proper.

## VAN SCHAICK'S THEORY

NEW YORK, Jan. 17—Testifying before the Moreland act commission appointed at his request to investigate the insurance department's handling of the mortgage bond situation, Superintendent Van Schaick told of the excessive work that fell upon his office the past three years, and of his efforts, largely unsuccessful, to get funds for additional help.

In 1932, he stated, he was constantly advised "there was danger of national financial disaster if fire companies were taken over in a wholesale manner." Leading financiers with whom he conferred supported his contention that market prices for securities were no proper criterion of their worth; one important banker holding the stock exchange to be an "auction block." The financiers sup-

## Named Secretary



GERALD D. GREGORY

Gerald D. Gregory, who was elected secretary of the Great American, has already taken up his work at Chicago as assistant manager in the western department. He has been a hard and intelligent worker and has been promoted to positions of higher and higher responsibility in recent years. Mr. Gregory was vice-president of the American National at Columbus and his family will remain in that city until June.

ported Mr. Van Schaick's opinion that bonds held by insurance companies should be valued on an amortized basis. In his 1932 report to the legislature Mr. Van Schaick stressed the need for additional expert men in his department, pointing out that the revenues for the year exceeded its expenditures by \$2,450,000.

## THE WEEK IN INSURANCE

**Insurance Brokers Association** of New York makes a blistering attack on the National Association of Insurance Agents for having filed a code, embracing all producers. **Page 3**

**G. D. Gregory** is elected secretary of the Great American and will have the duties of assistant western manager. **Page 4**

**California Insurance Commissioner** promulgates securities valuation formula, which differs from that of the commissioners' convention and also from the market value basis. **Page 4**

**Wells T. Bassett**, former vice-president of the Firemen's of Newark group, is dead. **Page 11**

The National Board reports that the fire losses in the United States last year were the lowest in many years. **Page 6**

**Illinois Field** and Blue Goose meetings are held at Peoria this week. **Page 5**

Members of new **National Association of Insurance Brokers** in mail vote this week on official staff. **Page 5**

**C. W. Higley** celebrates his 40th anniversary in connection with the western department of the Hanover. **Page 5**

**R. W. Conde**, secretary of the "Insurance Field" has been elected its president and J. E. Puckette becomes managing editor. **Page 11**

Many causes contributed to the lowest loss ratio in fire insurance last year. **Page 3**

**J. C. Harding**, western manager of the Springfield, again elected president of the Western Adjustment. **Page 6**

## G. D. Gregory Is Elected Great American Secretary

### ASSISTANT WESTERN MANAGER

Vice-president of American National at Columbus Fills Important Post in Chicago

G. D. Gregory has been elected secretary of the Great American at Chicago under Vice-president and Western Manager C. R. Street. He takes the place left vacant because of the recent death of George B. Sedgwick.

Mr. Gregory has been connected with the Great American organization 32 years. He has never been employed elsewhere. For the past three years he has been in Columbus, O., in charge of the western operations of the American National of that city, with the title of vice-president. The American National is one of the Great American group.

He started with the Great American as office boy and received experience as register clerk, examiner, etc., in the home office. In 1918 he went into the field as New Jersey special agent, where he remained for ten years. Then he was brought into the home office as agency superintendent and was later made executive special agent. His next move was to the American National as vice-president. He received the announcement of his election as secretary on his 50th birthday.

In announcing Mr. Gregory's election to the field, Mr. Street declared: "Mr. Gregory is from the east but before and after Horace Greeley's days they have been coming west. His residence in the Buckeye state for a few years past has given him an appreciation of western problems and the way in which they differ from those of the east, which will be of advantage to him in taking up his duties here."

Directors of the Great American are expected to approve the appointment of W. O. McLellan, now secretary of the

(CONTINUED ON PAGE 27)

**San Francisco fire premiums** drop 10 percent in 1933. **Page 6**

**J. V. Herd**, secretary of the Fire Association group, has been made vice-president as well. **Page 13**

**Arson Investigators** making progress in United States. Chief Special Agent Donovan of National Board's arson bureau in Chicago reports to Cook County Field Club. **Page 5**

English system of writing compensation insurance is advocated by Vice-President **G. D. Mead** of the Glens Falls Indemnity in communication to agents. **Page 29**

**Wade Fetzer** of Chicago retires as vice-chairman of the Fidelity & Casualty but remains as director. **Page 31**

Committee of five casualty company men reports all inclusive occupational disease statute in New York would cause prohibitive costs. **Page 31**

**M. S. Tremaine**, controller of New York state, has been elected president of the Merchants Mutual Casualty of Buffalo. **Page 35**

**Health coverage restricted**; few important stock casualty companies write line except in combination with personal accident insurance. **Page 29**

**Seventy-five percent of cars** in operation found to have defects. **Page 30**

**Fictitious fleet evil** growing in Detroit. Commissioner Gauss gives strict ruling. **Page 31**

Dry goods retailers of San Francisco submit data on public liability rates to their national association and National Bureau of Casualty & Surety Underwriters. **Page 30**

## Sizable Volume of Corn Cover Is Being Written

### DETAILS ARE NOW CLARIFIED

Most Companies Are Getting Out Special Application for Corn Storage Insurance

Now that the manner of handling corn insurance, on which Commodity Credit Corporation loans are made, has been clarified, a good volume of this business is being written by many of the companies.

Because of earlier misunderstandings, insurance on much of the corn was improperly arranged. Many banks and other lending agencies until a week or so ago were not properly advised and many of them were not requiring the individual borrower to put up insurance. A loss occurred last week to CCC corn in the warehouse of an individual farmer near Assumption, Ill. Although the farmer carried grain insurance, he did not have the endorsement, which provided for payment of the actual cash value or 45 cents a bushel—the amount of the loan—if the cash value was less than that. Therefore, he can collect only the cash value, which is less than 45 cents.

#### Individual Storage Forms

The Glens Falls and Hartford Fire, which have the underlying errors and omissions policy, covering the interest of the CCC, have prepared individual corn storage certificates to cover the interest of the borrower and many of the other companies who are interested have also gotten out special forms. The rates to be charged for this insurance are the rates for grain on farms as shown in the published farm schedule. In Iowa and Illinois, inclusion of hail insurance with tornado coverage is mandatory, but in other states hail is not provided. Most of the companies recommend that specific insurance be written on the corn rather than to endorse the general policy the producer may already have. Also, the suggestion is made that policies be written to run to Oct. 15, 1934, to comply with the "consent for storage" agreement of the CCC notes, corn form (A) which the producer has signed. The companies are urging their agents to get in touch with banks and other loan agencies that are making corn loans and arrange to have the bank place the insurance certificate for each borrower through that agent.

Many companies feel that the insurance requirements in connection with CCC corn may result in the writing of more grain insurance in the future. That is, the farmers may form the habit of insuring their grain and keep up the practice.

That there still exists some confusion as to the insurance on corn is evidenced by a letter dated Jan. 15 from T. B. Armstrong, chief inspector for the grain inspection and weighing department of Kansas, to a farm insurance executive. The Kansas warehouse law has no provision as to insurance and its administration is delegated to Mr. Armstrong, who stated in his letter, "Under a ruling issued 10 days ago by the CCC, it was stated that blanket insurance would be carried by the federal government on all corn covered by loan contracts."

Lending agencies in Kansas are likely to become confused, if they consult Mr. Armstrong. On the one hand they will have the advice from insurance people that borrowers should be required to take out fire and tornado insurance, while on the other hand they will get the impression from Mr. Armstrong that the underlying CCC policy meets all the requirements.

**C. W. Hanse** has taken over the McFarland agency at Eldora, Ia.

## National Brokers Group in Mail Vote on Official Staff

### COMPLETING ORGANIZATION

Formal Country-wide Meeting in Chicago Called Off—Association Now Functioning

A mail vote on an official slate is going forward to national headquarters of the new National Association of Insurance Brokers this week, one of the last steps in launching this organization which has been functioning for a month or more.

An organization meeting was to have been held in Chicago late this month, but this has been called off as it is considered it would be expensive and unnecessary. Details of organization are being conducted by mail.

#### To Attend Code Hearings

It is now assured that the more important brokers associations of this country will be powerfully represented by their national organization in hearings on the NRA code filed by the National Association of Insurance Agents, to many details of which the brokers are strongly opposed.

The National Association of Insurance Brokers is a federation of associations with provision for admission of any individual brokers who have office in towns or cities outside of territory served by existing associations. The national association will act only in emergencies and in matters having a national significance for all brokers. The work of individual brokers associations will continue as at present, conducted under full control of local bodies.

Each association is entitled to have two representatives on the executive committee which will elect officers and conduct the association.

#### Hold General Meeting

A final step toward organization was made recently with the meeting of a joint committee of representatives of all brokers associations in New York, including the Brooklyn, Brownsville & East New York, Bronx, General Brokers Association of the Metropolitan District, New York City, and Insurance Brokers Association of New York.

Among those taking part in the committee meeting were M. L. Nathanson, H. E. Esterbrook, H. C. Ellis, Jr., Herbert Marker and H. L. Heisted of the Brooklyn association; M. B. Dutcher, Julian Lucas, C. O. Pate, W. J. Mosenthal and William Schiff of the New York association; Paul Simon, George Sullivan and Arthur Arnow of the New York City association; Moe Werbelovsky and S. D. Rosan of Brownsville & East New York associations; C. J. Griffin of the Bronx association.

William Schiff was acting chairman, Arthur Arnow, secretary, and W. W. Ellis, corresponding secretary.

#### Others Taking a Hand

Among the brokers cooperating in the formative period, are A. H. Dahl, San Francisco Insurance Brokers Exchange; J. A. Mudd, Jr., Illinois Brokers Association; Oliver Blase, St. Louis Insurance Brokers Federation, and E. S. Litchfield, Massachusetts Brokers Association.

Great credit for forming the organization goes to the Illinois Brokers Association, which several years ago went on record suggesting such a group. Three of the Illinois association members have taken a leading part, F. P. Lavin, past president; A. S. Schwartz, president, and J. A. Mudd, Jr., chairman committee on national association. Mr. Mudd has made several trips east on the matter and has just returned from Washington where he was in conference on the agents' code.

## Illinois Field Forces Hold Big Assemblage at Peoria

### THREE ORGANIZATIONS MEET

Insurance Department Officials Appear Before the Illinois Fire Underwriters Association Gathering

#### By LEVERING CARTWRIGHT

PEORIA, ILL., Jan. 17.—One of the most representative gatherings of the Illinois field forces was the assemblage here today for the semi-annual meetings of the Illinois Fire Underwriters Association and Illinois Field Club and for a Blue Goose dinner. Distinction was added to the day by the presence of three grand nest officers, all of whom are connected with the Home of New York, they being L. H. Bridges, Chicago, most loyal grand gander; S. A. Mehorter, Newark, N. J., grand supervisor, and C. P. Helliwell, Milwaukee, grand wielder.

Many of the field men will be in town tomorrow for continuation of meetings on trusted agencies. In addition, there is being held tomorrow a conference of all the Illinois field men of the Home of New York.

#### Department Officials Talk

Two officials of the Illinois insurance department appeared before the Illinois Fire Underwriters Association this morning to discuss various features of the agency qualification procedure. They were R. T. Nelson, deputy commissioner, and Hiram McCullough, office manager.

In the evening, all hands turned out for the Blue Goose dinner, which was followed by the establishment of a Peoria puddle. A large number of new members had their pin feathers plucked at the initiation ceremonies which introduced some new tortures.

Dual membership is held by R. E. Verner, Western Actuarial Bureau, Chicago, who is retaining his membership in the Michigan pond, since he is past most loyal grand gander there. Other new members included a number from Springfield, Ill., they being O. H. Sturgeon, Monarch; F. B. Smith and W. T.

## Forty-Year Man



CHARLES W. HIGLEY

President and Western Manager C. W. Higley of the Hanover Fire is rounding out 40 years of association with the western department. The event was recognized by his associates in the office at Chicago.

Funkhouser, general agents Corroon & Reynolds; E. D. Smith, America Fore; V. S. Sment, adjuster; H. G. Reinbach, district inspector Illinois Inspection Bureau; G. G. Kluber, Great American; H. W. Catterton and J. B. Hambledal, Illinois Inspection Bureau; H. J. Conklin, Firemen's; A. R. Holliday, National of Hartford, and Harry Harn, North America, Decatur.

#### Confer in Milwaukee

C. T. Wright, who has been connected with the Great American 53 years, and is retiring as Illinois special agent, was elected an honorary member. Diamond studded buttons were presented to Rodney Wiley, Atlas, and J. T. Hardin, Millers National, past

(CONTINUED ON PAGE 27)

## Arson Investigators Are Making Progress in U. S.

### COMPARATIVE FIGURES GIVEN

Chief Donovan in National Board's Chicago Office Gives Review of Results Achieved

Incendiary losses in Chicago and elsewhere in the last year were unusually low, in Chicago the figure being less than ever in his experience with the arson bureau of the National Board, E. L. Donovan, chief special agent National Board, Chicago, told the Cook County Field Club there. Prior to the depression the opposite was true.

The situation in Chicago has been improved, he said, due to daily reports on suspicious losses made by Chief Frank McAuliffe of the fire insurance patrol, to the fact that all losses go through the Cook County Loss Adjustment Bureau, to the attitude of companies not paying questionable claims so quickly as in years past.

#### Figures on Results

Mr. Donovan said perhaps some persons might ask why it is worth while to maintain the arson bureau. The percentage of convictions may appear small, he said, but investigators are making some progress. Nationwide, the arson bureau in 1928 secured 699 arrests, 319 convictions and 181 were acquitted; in 1929, 802 arrests, 313 convictions and 200 acquitted; 1930, 1,311 arrests, 401 convictions, and 231 acquitted; 1931, 1,249 arrests, 532 convicted and 207 acquitted; 1932, 1,544 arrests, 580 convicted and 259 acquitted.

There are only a few jurisdictions wherein full cooperation of authorities is not given, he said. In many instances the arson bureau investigators feel they have developed enough circumstantial evidence to secure conviction but prosecutors did not agree. The officials cannot be antagonized, but the investigators must try again. Attitude of prosecutors has been that if companies made any compromise settlement it was useless for the state to spend money attempting to secure conviction.

#### Well Organized Profession

Mr. Donovan cited two cases originating in the last three years in which the "torch" was sent from a distant city, one being a Los Angeles fire in which the firebug went from St. Louis; another a Chattanooga, Tenn., fire two years ago set by a New Jersey man who has just confessed causing arrest of the assureds. The trial is set for Jan. 30.

This method of sending torches from distant points made the work of the bureau very difficult. The Chattanooga case unfortunately, he said, was compromised late in December although companies first resisted payment.

In Chicago recently 44 people were arrested and 39 found guilty on the story of a woman who went to the National Board's office and said she was approached on the subject of having a fire. There is strong cooperation of the city fire attorney and state fire marshal in Chicago. Companies, Mr. Donovan said, have felt fully justified in broadening the arson work throughout the country due to the better results shown.

## Special Rule in Alabama

MONTGOMERY, ALA., Jan. 18.—Superintendent C. C. Greer has issued a special ruling for domestic companies in computing valuations for their annual statements. Detailed data is required regarding mortgages and securities deposited with the insurance department. Mr. Greer says the action is taken because of the limited number of department employees.

## Fortieth Anniversary

THE western department of the Hanover Fire and Fulton Fire at Chicago celebrated Monday the 40th anniversary of President C. W. Higley's connection with the western branch. He occupies a unique position as he is not only president of the company but western manager. The western department was established Jan. 1, 1893. Mr. Higley has been with his family at Los Angeles and arrived Monday morning in Chicago en route to New York. When he reached his office in Chicago he found a huge bouquet, a gift of those associated with him in the department. He was also presented with a humorist by the same people.

It was a joint celebration as Victor M. C. Nelson on Jan. 23 will celebrate his 40th anniversary with the western department. He also was presented with a large bouquet and a pen and pencil set by his associates. Mr. Nelson started as a junior accountant and has worked up to the position now where he is the head of the accounting department and enjoys the confidence of the officials.

Mr. Higley three years before going with the western department

of the Hanover was located at Minneapolis and was special agent for the New York Underwriters, which at that time was composed of the Hanover and Citizens of New York. Howard P. Gray was establishing the western office of the Hanover and in going the rounds appointed Mr. Higley as state agent, traveling in Minnesota, North Dakota and Wisconsin. He was 21 years of age when he took his first field position. Prior to that he was a clerk for the Minneapolis Underwriters Association.

Mr. Higley is a native of Cedar Rapids, Ia., and started his business career as a clerk in a hardware store and later in a dry goods and clothing store there. He entered insurance in 1888. He was called to Chicago in 1895 as assistant manager of the Hanover. In 1901 he was made western manager and later was elected president at the head office. He migrates between New York and Chicago and leads a very busy life. He takes particular pride in his organization because he has brought to it a number of splendid men on whom he has placed full responsibility.

## South Carolina Reelects Commissioner Sam B. King

COLUMBIA, S. C., Jan. 17.—Sam B. King, insurance commissioner of South Carolina since 1927, was unanimously reelected to that office yesterday for a four year term by the state legislature.

Mr. King was without opposition. When he was nominated by Senator W. H. Nicholson, Greenwood, which is the commissioner's native county, there were numerous seconds. When he was reelected to the post in 1930 he was also without opposition at that time.

Before becoming insurance commissioner, Mr. King was a realtor. He was elected to the state legislature and served for four years starting with 1923. He was in the aviation service for 29 months during the world war.

When the state auditor made his report to the general assembly recently he said in connection with Mr. King's administration that "it appears the affairs of this department are being administered in an efficient and effective manner. The commissioner and his force are to be commended upon the vigor with which the duties of the office have been discharged."

## San Francisco Premiums Drop 10 Percent in 1933

### SOME COMPANIES IN ADVANCE

**Home Leads Field for Complete Year, Firemen's of Newark for Last Three Months**

SAN FRANCISCO, Jan. 17.—Preliminary survey of fire premiums written in San Francisco during 1933 indicates a drop of approximately 10 percent. Although a number of companies show substantial advances, some had a material drop in city premiums for the period.

Early indications are that the Home of New York with premiums of \$158,093 against premiums of \$151,120 for 1932 will occupy first position, followed by the Firemen's of Newark with premiums of \$156,853 for 1933 compared with \$213,125 for 1932. The Fireman's Fund will remain in third place with 1933 premiums \$127,471 against \$149,454 for 1932. The Aetna remains in fourth place with \$125,940 against \$132,110 in

(CONTINUED ON PAGE 27)

## Officers Are Reelected by Western Adjustment



JOHN C. HARDING, President

At the annual meeting of the Western Adjustment in Chicago this week, J. C. Harding of the Springfield was re-elected president; C. R. Street, Great American, vice-president; and R. A. Sellery, secretary and manager. Directors elected were S. M. Buck, Fireman's Fund; E. A. Henne, America Fore; G. C. Long, Phoenix of Hartford, and C. W. Higley, Hanover. Secretary C. A. Dosdall of the St. Paul Fire & Marine attended the meeting.

In the annual report it was shown that the Western Adjustment has 549 employees, including 289 branch managers, resident adjusters and adjusters. There are eight general adjusters. There are 240 clerks. The organization is carrying seven adjusters and employees on the retired list. The report says the comparison of annual statements for the last two years discloses there has been a persistent reduction of losses in the higher brackets, thus depriving the senior and most extensive adjusters of steady employment. While the Western Adjustment has dropped a number of adjusters, the report says the action has been taken entirely on the ground of incompetence. It cut down its operating expense last year \$44,512.

Its 1933 average service charge per loss was: Fire \$13.69, automobile \$8.73, tornado \$5.79, special risk \$13.81, aircraft \$55.51, casualty \$17.60. The following table gives a comparison of its operations during the last four years.

	Total Insurance	Loss to Insurance	No. of Losses Adjusted	Aver. Service Charge per Loss
1932	\$6,481,939,033	53,511,798	137,853	12.07
1933	\$4,360,244,856	44,632,999	148,208	10.40

## Outlook in Farm Field Now Better, F. H. Cornell Finds

### IS RETIRED AS PRESIDENT

Farm Underwriters Association at Its Annual Meeting Also Renames Other Officers

The outlook in the farm underwriting field is better than it has been for several years, F. H. Cornell, manager Home of New York, declared in addressing the annual meeting of the Farm Underwriters Association, to the presidency of which he was reelected. C. E. Parks, National of Hartford, was reelected vice-president and C. F. Thomas, Western Underwriters Association, reelected secretary.

Progress was made during the year in the farm field, Mr. Cornell said. Losses were somewhat reduced and collections were better. There is hope for the future, but all the difficulties in the farm field have not been overcome and careful and conservative underwriting is still indicated. Success will depend largely upon the work of the individual office.

The secretary's report reviewed changes that were made during the year, including the allowance of credit for non-combustible roofs and approved spark arresters on chimneys of dwellings with shingle roofs; the experiment in farm schedule rating in Wisconsin; the inclusion of hail coverage with tornado; the uniform credit plan, which has already been introduced in Illinois and Iowa and will be introduced in all other western states; increased credit for lightning rods that are installed with proper equipment and the installation is properly certified.

New farm schedules, including some increases in farm rates, have been prepared and are now in the hands of the Ohio and Indiana insurance departments.

### Investment Revision Forecast

TORONTO, Jan. 17.—Fire insurance companies will be forced by their experiences of the past few years to revise their ideas as to what is a suitable form of investment for their assets, according to G. D. Finlayson, Canadian superintendent of insurance. The theory of investing in common and preferred stocks, at least to the extent of the company's own capital stock, is now opening up grounds for difference of opinion, and the trend for the future, according to Superintendent Finlayson, will probably be "to more rigidly restrict, than in the past, the proportions of the investments of the companies in common stocks."

## FIRE LOSSES FOR FIVE YEARS

The National Board table of losses by month for the last five years shows fire losses in the United States and the comparison is worthy of study. The table is as follows:

	1929	1930	1931	1932	1933	Percent rdctn. from 1932
January	\$44,713,825	\$42,344,035	\$44,090,449	\$39,224,783	\$35,547,565	9.4
February	41,520,290	43,206,940	41,775,051	39,824,622	36,661,481	7.9
March	41,277,814	42,964,392	44,074,362	49,189,124	35,321,248	28.2
April	36,845,795	43,550,996	41,423,764	43,822,233	27,825,970	36.5
May	32,129,408	38,415,142	37,835,273	39,270,524	24,338,714	38.0
June	33,605,663	31,818,266	33,368,378	34,338,670	21,578,609	37.2
July	31,985,493	34,847,750	33,024,594	32,982,434	20,004,049	39.3
August	30,446,893	36,043,679	31,917,630	31,425,931	23,626,505	24.8
September	29,249,355	35,239,458	33,292,936	30,972,318	20,447,571	34.0
October	31,652,335	36,838,614	35,501,530	30,734,458	21,465,382	30.2
November	29,061,869	35,682,577	35,287,641	31,167,708	22,454,200	33.9
December	39,726,338	42,669,915	40,514,368	39,190,506	27,626,439	29.6
Total	\$422,215,123	\$463,621,762	\$452,017,026	\$442,143,311	\$316,897,733	28.4



## OF COURSE HE'S A SCOT!

and just as surely these companies maintain their characteristics — conservative friendly-co-operative — and able

Will Wrightem  
(FIELD CORRESPONDENT)



THE YORKSHIRE INSURANCE CO. LTD.  
LONDON & PROVINCIAL FIRE & GENERAL INS. CO. LTD.  
SEABOARD FIRE & MARINE AND THE  
YORKSHIRE INDEMNITY CO. OF N.Y.  
90 JOHN STREET NEW YORK CITY

# *Optimistic?*

Are you optimistic about prospects for 1934? There is ample reason for a producer to feel that way.

Insurance remains insurance, paying honest losses regularly through conflagrations, depressions and panics. It thus shows a stability that through recent trying years is the envy of those in other lines of business.

If insurance buyers have recently become more critical and careful—so much the better. Stock insurance is organized with the knowledge that it will have to face difficult periods, and good management brings it through. It is real protection and security at the necessary price. How important that is, with present hopes for improvement in business!

But as the public is more insurance conscious, the burden of answering inquiries is upon the producer. His advice must be sound, so much depends upon his counsel.

Much depends also upon his willingness to pitch in and fight for business. Upon his industry in becoming acquainted with the problems and needs of his assured and prospects. Upon his persistence in selling essential protection.

If he measures up to these tests he is optimistic for 1934.



AMERICAN EQUITABLE ASSURANCE  
COMPANY OF NEW YORK  
Capital, \$1,000,000.00      Organized 1918

GLOBE & REPUBLIC INSURANCE COMPANY  
OF AMERICA  
Philadelphia, Pa.      (Established 1862)  
Capital, \$1,000,000.00

IMPORTERS & EXPORTERS INSURANCE  
COMPANY OF NEW YORK  
Capital, \$1,000,000.00

KNICKERBOCKER INSURANCE COMPANY  
OF NEW YORK  
Capital, \$1,000,000.00      Organized 1913

MERCHANTS AND MANUFACTURERS FIRE  
INSURANCE COMPANY  
Newark, N. J.      (Chartered 1849)  
Capital, \$1,000,000.00

NEW YORK FIRE INSURANCE  
COMPANY  
(Incorporated 1832)      Capital, \$1,000,000.00

## CORROON & REYNOLDS

*Incorporated*

INSURANCE UNDERWRITERS  
*Manager*

92 William Street

New York, N. Y.

## NEWS OF FIELD MEN

### Simmonds Chosen President

#### Annual Meeting of the West Virginia Fire Underwriters Association Held at Wheeling

R. M. Simmonds of Charleston, W. Va., state agent of the Royal, was elected president of the West Virginia Fire Underwriters Association at the annual meeting in Wheeling. F. J. Vaughn of Huntington, state agent of the Phoenix of Connecticut, was chosen vice-president and A. S. Whiteley of Wheeling was reelected secretary and treasurer. The members of the executive committee are H. E. Cragg of Alfred Paul & Son, Wheeling; H. B. Lindsey, Parkersburg, Great American; E. A. Logue, Washington, Pa., Security of Connecticut; E. C. Douglass, Parkersburg, North America. The hold-overs on the executive committee are John Marsden, Providence Washington; H. A. W. Happer, Charleston, America Fore; R. B. Apperson, Wheeling, Hartford Fire, and M. C. Speight, Richmond, Va., London & Lancashire.

Percy Ling of New York City, general agent North British & Mercantile, was present as chairman of the West Virginia supervisory committee. He was the chief speaker at the meeting and spoke on conditions in the general field with special reference to West Virginia.

### J. Burr Taylor Honored

J. Burr Taylor was presented a wrist watch by the St. Louis Blue Goose at a luncheon meeting in appreciation of his many years of service as secretary of the Missouri Fire Prevention Association. The presentation was by D. H. Painter, state agent St. Paul Fire & Marine. Col. A. L. McCormack, president Missouri Association of Insurance Agents, also spoke.

### Dakota Pond Annual Meeting

The Dakota Blue Goose covering North and South Dakota, will gather in Fargo Jan. 19, for its midwinter annual session. Officers are named at this session but do not take office until the mid-summer splash in June. A class of six or more will be initiated. Lynn Stambaugh, popular Fargo attorney, will be toastmaster at the banquet.

This is Fargo's first midwinter meeting in eight years. Most of these sessions have been held in Aberdeen, S. D.

### Chesley Visits Tennessee

#### Assistant Secretary Western Underwriters Association Confers with Field Men at Nashville

Assistant Secretary H. W. Chesley of the Western Underwriters Association at Chicago was in Nashville last week visiting the field men. The Tennessee Fire Prevention Association held a meeting and discussed some of the high loss ratio cities and means for reducing losses. Mr. Chesley met with the executive committee of the Tennessee Field Club in the morning and following the fire prevention meeting there was a gathering of field club members in charge of President W. R. C. Stewart of the Phoenix of England. Mr. Chesley spoke of the conditions with regard to balances, dealing particularly with those that are pretty badly frozen. He complimented the field men on what had been accomplished in Tennessee.

### B. O. Evans Speaks on Selling

#### Special Agent of Commerce Outlines Fundamentals in Talk to Cleveland Field Club

CLEVELAND, Jan. 17.—B. O. Evans, special agent of the Commerce, spoke at the January meeting of the Fire Insurance Field Club of Cleveland on "Selling." He said the assured is interested in three things, good insurance, service and price. The stability of the company issuing the contract is of first importance and the purchaser wants to know its reputation, its underwriting policy and service rendered. In case of serious loss or claim there must be no question as to the ability of the company to pay, said Mr. Evans.

#### Willing to Pay Fair Price

The second element of good insurance, said Mr. Evans, is completeness of coverage. A competent agent will close up the gaps of an assured's insurance. He will study the needs and will have sufficient knowledge of coverage to protect him against the serious casualties that may occur. "The thing that an agent should have in mind when selling insurance," said Mr. Evans, "is not how much he will make if he effects

the sale, but his main interest should be in the welfare of his prospect."

"The selling of cheaper coverage to an assured that may result in his assuming a liability about which he knows nothing and in a business about which he knows nothing may result to his serious disadvantage," declared Mr. Evans. "A business man is willing to pay a fair price for his insurance. When one buys at low price one is never sure. There is only one reason for purchasing insurance and that is to secure peace of mind and confidence in the future."

In conclusion Mr. Evans said that it is up to the field men to furnish the agent with the stamina that will enable him to face cut rate competition and to assist him in developing an attitude of protection for his assureds rather than a commission for himself."

### Spokane Specials Elect Mitchell

SPOKANE, WASH., Jan. 17.—At the annual meeting of the Spokane Special Agents Association J. H. Branscomb, manager Idaho Survey & Rating Bureau, and C. P. Brant, Spokane manager of the Washington Survey & Rating Bureau, gave interesting comments on rates as they pertain to the Inland Empire territory. Officers elected were: M. B. Mitchell, president; Conrad Roth, vice-president; R. W. Hunner, treasurer, and Keith Rhodes, secretary. Executive committee members are C. R. Kerns, chairman; R. B. Anderson, R. S. Aitken, C. D. Wentworth and L. V. Sears.

### Honor Spink at Milwaukee

MILWAUKEE, Jan. 17.—E. O. Spink, London Assurance, immediate past president of the Wisconsin Fire Underwriters Association, was guest of honor at the annual dinner here. Mr. Spink was presented a past-president medal. F. G. Risley, Rochester American, was toastmaster, and was introduced by W. S. Audiss, Oshkosh, State of Pennsylvania, president of the association. J. L. Cassell, Illinois state agent of the London Assurance, represented the company at the dinner. J. M. Niven, former city attorney of Milwaukee, spoke on "The Multiplicity of Laws."

### Frank A. Roberts Is Dead

Funeral services were held Monday for Frank A. Roberts of Kansas City, special agent in the service department of the Home of New York, who died Friday after an illness of about three months. He was about 40 years of age.

Mr. Roberts had been located at Kansas City for the Home about five years, after having served two years in the Chicago brokerage and service department.

ment of that company. Before that he was connected with the National Board, making town surveys. He was a native of Texas.

T. K. Pfafflin of McKarahan & Pfafflin, managers of the service department of the Home at Chicago, attended the services.

### Northwest Specials in Portland

PORTLAND, ORE., Jan. 17.—The annual meeting of the Special Agents Association of Pacific Northwest will be held here Jan. 19. E. W. Porep of Seattle, now serving as vice-president, is slated for the presidency.

The Oregon Blue Goose will hold its annual meeting here the same day and will have a joint banquet with the Special Agents Association.

### Corn-Hog Program Told

DES MOINES, Jan. 17.—A large attendance was registered at the Monday Blue Goose luncheon to hear J. Swan of the Des Moines "Register & Tribune" talk on what the corn-hog program of federal aid means to Iowa. More than \$30,000,000 has been loaned in this state on corn. Field men are already reporting a gain in premium collections throughout Iowa.

### Want Wichita Puddle

WICHITA, KAN., Jan. 17.—Following the visit of L. H. Bridges, most loyal grand gander of the Blue Goose, to Kansas, when the Kansas pond gave a banquet in his honor in Wichita, considerable agitation has developed for the establishment of a "puddle" at Wichita where some 30 ganders headquartered for years through the Central Kansas Field Men's Club, but it has been inactive for several months and many of the old members now favor reorganizing as a "puddle" of the Blue Goose.

### Ohio Meetings in Cleveland

The Ohio Fire Underwriters Association will hold its next meeting at the Hollenden Hotel, Cleveland, Feb. 6. The Blue Goose will hold a dinner, business meeting and initiation the preceding evening. F. G. Bell of Cleveland is in charge of arrangements.

### Webster to Handle St. Louis

Tilford G. Webster, formerly special agent in eastern Missouri for the Home of New York, is now in charge of the St. Louis district, while Robert Gisburne, formerly in the loss department at St. Louis, has taken over the eastern Missouri field work.

### Daniels Advanced by American

DENVER, Jan. 17.—Richard Daniels, who has been connected with the Denver office of the American of Newark since the mountain department was established here a number of years ago, has been promoted to special agent. He succeeds C. G. Richter, who resigned to become president of the Traders Acceptance Corporation. Mr. Daniels is the son of R. H. Daniels, Miles City, Mont., local agent.

### Phoenix Men in Conference

The Phoenix of Hartford is calling its field men throughout the country for a conference at the head office the week of Feb. 4.

### Wickes to Spokane

P. E. Wickes, special agent for the Northwestern National, is transferring his headquarters to Spokane, Wash., after having been located for the past five years at Boise, Idaho. He will have charge of eastern Washington, eastern Oregon and western Montana.

### B. R. Gordon Quits Field

B. R. Gordon, special agent Fidelity & Guaranty Fire, covering northern California in conjunction with Special Agent W. G. McLeod, has resigned to join Sheehy & Co., Watsonville, Cal.



L. H. BRIDGES, Chicago  
Most Loyal Grand Gander



S. A. MEHORSTER, Newark, N. J.  
Grand Supervisor of the Flock



C. P. HELLIWELL, Milwaukee  
Grand Wielder of the Goose Quill

January 18, 1934

## THE NATIONAL UNDERWRITER

9

**VIEWED FROM NEW YORK**

By GEORGE A. WATSON

**WILLARD BROWN NOW PRESIDENT**

Willard S. Brown, elected president of the Fire Insurance Agents Association of the City of New York, was previously vice-president and one of its charter members. The agency of which he is head, that of Willard S. Brown & Co., is one of the oldest and best regarded in the metropolis, having been formed nearly 40 years ago, and in continuous and successful operation since that time. Years ago, in association with the late Frank Burke, Mr. Brown organized the Eastern Fire of New York, and when it retired from the field launched the Northern of New York, representing the company in a general agency capacity until 1925, when he arranged to handle it only as local agent, though continuing as a director. In addition the agency represents in the metropolitan and suburban territories the Connecticut Fire, Royal Exchange, Pennsylvania Fire, Yorkshire and Commercial Union of New York.

Mr. Brown is a son of the late Vernon H. Brown, for a number of years president of the Cunard Steamship Company and a leading figure in shipping interests of the world.

In addition to electing Mr. Brown president, the association selected C. W. Sparks as vice-president, and Stanley Jarvis, secretary-treasurer. A. J. Smith was chosen chairman of the executive committee; Clarence McDaniel, of the membership and J. J. Hoey of the public relations committee.

\* \* \*

**BIG WEEK IN NEW YORK**

The executive committee of the Eastern Underwriters Association is meeting the morning of Jan. 23. The association as a whole will meet the next morning. There will be a meeting of the executive committee of the National Board Jan. 25 and a special meeting of the National Board the afternoon of that day.

\* \* \*

**BRIDGES TO GIVE TALK**

Most Loyal Grand Gander L. H. Bridges of the Blue Goose is expected at the dinner of the New York City pond Jan. 25, while Maj. J. C. Sawders is scheduled for an illustrated lecture on "The Republics Among the Clouds of South America." Mr. Bridges is Illinois special agent of the Home group.

\* \* \*

**R. T. STEWART HONORED**

Associates of R. T. Stewart, secretary of the North British & Mercantile companies and in charge of the Middle Department, tendered him a dinner in recognition of his 30 years' service with the organization. As a further token of esteem he was presented with an attractive desk set.

\* \* \*

**NATIONAL BOARD'S EXHIBIT**

An exhibit by the National Board at the National Retail Dry Goods Association's annual convention in New York City sets forth in graphic manner how

**January Record Found Better Than Year Ago**

The new year has started off well from a production standpoint with most fire companies. Practically all companies report that during the first two weeks of this month premiums showed an increase over the same period a year ago. Ordinarily, companies do not watch their results as closely from week to week, but the executives, for the first time in several years, now see a gleam of hope and are eager to discover the trend. There seems to be a good chance that the premiums in January may be greater than they were a year ago.

dent Insurance Executives Association, was a prominent speaker.

\* \* \*

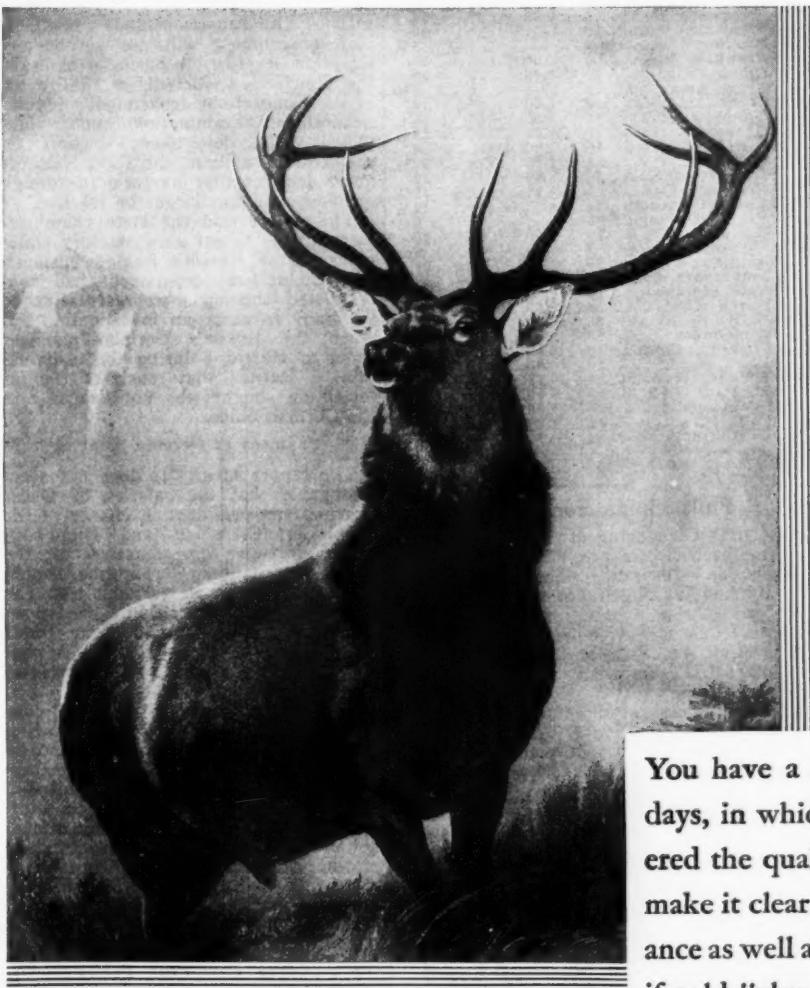
**NEW SPRINKLER RISK SCHEDULE**

Up to the close of 1933, 170 blanket rated risks throughout the jurisdiction of the Fire Insurance Rating Organization had been rated under the new sprinkler risk schedule. The effort revealed that the former rate level had been closely maintained through the new method.

Dr. J. S. Mott, 89, father of J. E. Mott, Kansas state agent for the Great American, died at his home in Kansas City.

**Meeting of Mutual Groups to Be Held in Miami, Fla.**

The annual meeting of the board of directors of the three important organizations which comprise the American Mutual Alliance will be held in Miami, Feb. 6-8. The organizations, whose directors will be on hand, are the Federation of Mutual Fire Insurance Companies, National Association of Automotive Mutual Insurance Companies and National Association of Mutual Casualty Companies.



You have a splendid opportunity these days, in which reduced prices have lowered the quality of much that is sold, to make it clear that the soundness of insurance as well as the quality of merchandise, if sold "almost at cost," should be subjected to careful scrutiny. Such scrutiny a Hartford agent need not fear—the Hartford stag on his walls and trademarked on the policies he delivers are symbolic of insurance whose soundness his customers know has never been questioned since the Hartford was chartered in 1810.

# HARTFORD FIRE INSURANCE COMPANY

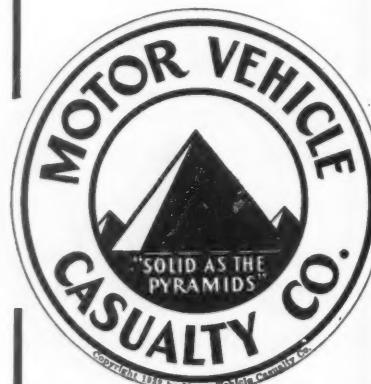
HARTFORD . CONNECTICUT



Under same management for  
19 years.

## Sound Automobile Insurance

Inquiries from responsible  
agents and brokers welcome.



HOME OFFICE  
223 W. Jackson Blvd., Chicago,  
Illinois  
A STOCK AUTOMOBILE  
COMPANY

Organized in 1914 as Motor Vehicle Underwriters. Organized as Motor Vehicle Casualty Company in 1930.

### INSURANCE STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 S. La Salle St., Chicago, at close of business Jan. 16

	Div. per	Stock	Par	Share	Bid	Asked
Aetna Cas.	.10	1.60	48	50		
Aetna Fire	.10	1.60	33	34		
Aetna Life	.10		18 1/2	19 1/2		
American, N. J.	.250	.50	7 1/2	8 1/2		
Amer. Surety	.25		14	16		
Automobile, Conn.	.10	1.00	19	20		
Boston	.100	16.00	410	430		
Continental Cas.	.5		11	12 1/2		
Continental Ins.	.250	1.20	26	27 1/2		
Fidel.-Phenix	.250	1.20	26	27		
Fire Assn.	.10	1.00	33	35		
Fireman's Fund	.5	3.00	52	54		
Fireman's F. Ind.	.10		18	20		
Firemen's	.5		4 1/2	5 1/2		
Franklin Fire	.5	1.00	18	19		
Glens Falls	.10	1.60	28	30		
Great Amer. Ind.	.1		6 1/2	8 1/2		
Great American	.5	1.00	17	18		
Hanover	.10	1.60	26	28		
Harmonia	.10	*1.00	17	18 1/2		
Hartford Fire	.10	2.00	42	44		
Home, N. Y.	.5	1.00	19	20 1/2		
Ins. Co. of N. A.	.10	2.00	41	42		
Maryland Cas.	.1		1 1/2	2 1/2		
Mass. Bonding	.25		10	12 1/2		
National Cas.	.10		4	5		
National Fire	.10	2.00	44	46		
National Liberty	.2	*.20	4	5		
National Union	.20		55	58		
New Amst. Cas.	.5	1.20	11	12		
New Brunswick	.10	1.00	16 1/2	17 1/2		
North River	.250	.60	15	16		
N. W. National	.25	5.00	85	90		
Occidental	.10		14 1/2	16		
Phoenix, Conn.	.10	2.00	53	55		
Prov. Wash.	.10	.80	21	23		
Sprgld. F. & M.	.25	4.50	77	79		
S. Paul F. & M.	.25	6.00	116	120		
Travelers	.100	16.00	393	400		
U. S. Fire	.4	1.20	29	30		
U. S. Fid. & G.	.2		4 1/2	5 1/2		

\*Paid during 1933.

### Philadelphia Society Elects

John Glendening of the Franklin Fire has been elected president of the Philadelphia Insurance Society. R. J. Bunkle, Jr., North America, and Elmer Van Dusen, State of Pennsylvania, were elected vice-presidents; A. A. McCann, Jr., Provost & Herring, treasurer; J. R. Knowlan, Schmidt Surveys, secretary.

The board of directors is composed of Mr. Trump, P. M. Fell, Middle Department; F. M. Doremus, American of Newark; T. C. Engstrom, Aetna Casualty & Surety; C. H. Hill, Middle Department; W. H. Howland, General Accident; J. F. Mitchell, Jr., J. Howard Brown & Co.; H. V. Keighler Keighler, Gegler & Co.; G. T. Rowland, Wagner-Taylor; Dodd Bryan, Indemnity of North America, and H. J. Sullivan, Travelers.

### Brown Heads Hartford Board

HARTFORD, Jan. 17.—At its 70th annual meeting, the Hartford Board elected T. W. Brown of the G. B. Fisher Company president. H. U. Tuttle is retiring president. P. B. Godard of Godard, Rice & Co. becomes vice-president; E. S. Cowles of E. S. Cowles & Son, secretary-treasurer.

### Chicago Furriers Attempt to Regain Certificate Plan

Marine men in Chicago were called into conference with Deputy R. T. Nelson of the Illinois department to consider the complaints of many furriers that they were suffering from the department ruling prohibiting them after Jan. 1 from issuing the furriers' customers' certificates, and seeking relief and return to the old status. The furriers sought a reopening of the matter. The majority of the marine men in Chicago were invited.

The consensus after two hours of discussion was for continuance of the department rule. It was felt furriers should not again be put into direct competition with the agents. The new rule forbids furriers to issue these certificates under master policies, requiring contracts to come from agents and be countersigned by them. Under the old order the furriers were able to make a large profit on such insurance.

### Rossia's German Business Operations Are Criticised

#### CONNECTICUT REPORT ISSUED

Covers Regular Quadrennial Examination as of Dec. 31, 1932—German Troubles Reviewed

HARTFORD, Jan. 17.—The Rossia's conduct of its German business, especially payment of German executives' salaries with American funds when German government will not permit any funds of its foreign business to leave the Reich, is criticised in the report of the Connecticut department's regular quadrennial examination, just completed. The department's report on the Rossia's affiliate, the First Reinsurance, declares that its ratio of foreign business was too large for its size.

The report said the state examiners were unable to get a satisfactory statement of the Rossia's foreign business. The Connecticut department had contemplated sending a representative to Germany to make an investigation but when the Rossia's German manager came to Hartford during the examination, it learned that much of the information sought was not available in the German office.

#### Payment of German Salaries

The report says: "It does not seem reasonable that the salaries of Oscar Thieme, vice-president in charge of the Berlin branch office, and Hugo W. Klein, foreign representative of the Rossia International Corporation, should be paid in United States funds from the home office. This procedure merely results in a further restriction of funds in Germany, which we believe is contrary to the company's best interests at this time."

The report shows that under a contract made in 1903 and reissued by vote of the directors in 1920, when Rossia ownership passed to American shareholders, President Carl F. Sturhahn, managing underwriter, receives in addition to his salary 5 percent of the annual net profits, based on a computation of income and outgo. The department comments that the arrangement is in the main similar to many other such calculations of profit, although in some respects more liberal.

#### Cover Four-Year Period

The examinations cover the four-year period ended Dec. 31, 1932, when tremendous deflations in values were taking place and the major part of the great loss in surplus was due to depreciation of securities. Surplus of the Rossia was reduced from \$9,609,857 as of Sept. 30, 1929, to \$1,589,724 as of Dec. 31, 1932. In the meantime capital had been reduced from \$3,000,000 to \$1,500,000 by changing par value from \$10 to \$5 and \$1,500,000 transferred to surplus. Admitted assets as of Dec. 31, 1932, were \$8,281,691.

The First Reinsurance examination shows surplus reduced from \$1,235,158 to \$478,912. Capital was reduced from \$800,000 to \$500,000, with the difference transferred to surplus.

Commenting on the report, President Sturhahn said it gives accurate facts but fails to furnish explanations. Since Mr. Thieme is an American citizen and Rossia vice-president, and Mr. Klein is on the advisory board, he declared both are entitled to pay in American dollars. "The information the examiners sought was not available in the Berlin office," he stated, "because detailed reports, such as have been customary in America, but of late years have also been greatly discontinued, are not furnished by most foreign companies to their reinsurance companies at all."

That his managerial contract with the

(CONTINUED ON PAGE 27)

### COURT DECISIONS

A special page of recent court decisions is given on the inside back cover of this issue.

### Louisville Board Appoints Midyear Meet Committees

The Louisville Board has announced the committees to take charge of the mid-year meeting of the National Association of Insurance Agents to be held in its city the week of March 19. C. D. Harris is general chairman and W. A. Reisert, vice-chairman. The committee chairmen are as follows: Entertainment, S. T. Bailey; registration and invitation, J. S. Long; finance, J. A. Heitmeyer; publicity, M. W. Boedeker; ladies, Miss Caroline E. Lang; reception, H. V. Davis; information, C. A. Neutzel; automobile, R. L. Badger; golf, A. G. Chapman.

#### Provide for 20 Percent Tax

Measures before the Massachusetts and West Virginia legislatures provide for the imposition of a 20 percent tax on insurance premiums on business placed in unadmitted companies.

#### E. J. Cole in Address

E. J. Cole, chairman executive committee National Association of Insurance Agents, will speak upon "The Insurance Agents and Their NRA Code," before the Hudson County (N. J.) Agents Association Jan. 22.

#### E. T. Gentry to Move

E. T. Gentry of Atlanta, formerly southern manager of the Fireman's Fund and now an independent adjuster, will make his home at Sea Island, Ga., after April 1. He will establish his business office at Brunswick, Ga.

#### Investment Bill Filed

A bill strictly to regulate the investments of all types of insurance companies was filed in the special session of the Kentucky legislature Jan. 15. Full details as to provisions have not been learned but it is understood the bill will be contested by many companies on the basis that it grants too much power to the insurance department. It is said that the bill contains percentage figures limiting the amount of assets a company may invest in any type of security.

#### S. Y. Tupper Gives Talk

S. Y. Tupper, southern manager of the Royal and Queen, will address the annual meeting of the Atlanta, Ga., Association of Fire Insurance Agents this week.

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## Staff Promotions Are Announced by "Insurance Field"

R. W. Conde, vice-president, secretary and general manager of the Insurance Field Co. of Louisville for the last four years, was advanced to the presidency at the annual meeting, succeeding Young E. Allison, Jr., resigned. Ben P. Branham of Chicago was elected first vice-president; M. W. Davidson was retained as treasurer and Julian Weddell was named assistant secretary, with Mr. Conde continuing as secretary.

Changes in the editorial department include the following: John E. Puckette, news editor, becomes managing editor, succeeding John J. Jasper, resigned, and M. R. McGruder becomes news editor.

New directors are A. C. Frank of New York City, F. P. Allen and Mr. Puckette, filling the vacancies caused by the resignations of Mr. Allison, Mr. Jasper and E. E. Straus. The holdover directors are Mr. Conde, Mr. Davidson, Mr. Branham and John Buchanan of Louisville.

### Conde Had Long Experience

Mr. Conde joined the "Insurance Field" 20 years ago and has been an executive of the organization during that entire period. He was elected vice-president and general manager four years ago at the time Mr. Allison became president. Prior to his connection with the "Insurance Field" Mr. Conde was for five years with the "Western Underwriter," now THE NATIONAL UNDERWRITER.

Mr. Puckette joined the staff of the "Insurance Field" in 1926 and served later in New York as associate editor, returning to Louisville in 1929 as news editor. Prior to that he was in daily newspaper work for 13 years with the "State" of Columbia, S. C., the "Courier-Journal" of Louisville and the Daytona Beach (Fla.) "Journal."

### McGruder Had Valuable Training

Mr. McGruder, a native of Louisville, has been on the "Field's" staff for four years as associate editor. He entered the daily newspaper field in 1907, serving in St. Louis, Memphis, Birmingham and Atlanta. In the latter city he was telegraph editor and assistant Sunday editor for the "Georgian" and "Sunday American." In 1922 he joined the advertising staff of International Proprietaries, and in the following year was placed in charge of advertising for Argentina, Uruguay and Chile, with headquarters at Buenos Aires. Returning in 1925 he went with the "Southern Underwriter" of Atlanta as news editor.

Mr. Weddell is a son of T. R. Weddell, Chicago associate editor.

## Wells T. Bassett Dies at His Montclair Home

NEWARK, N. J., Jan. 17.—Wells T. Bassett, former vice-president of the Firemen's of Newark group and brother of Neal Bassett, president, died Friday from a sudden heart attack at his home in Montclair. He retired from active duty Jan. 1, 1932, due to ill health. He, however, visited the head office frequently and kept in contact with what was going on. Mr. Bassett was a native of Alabama, having been born Oct. 5, 1875. He started his insurance career in local agency work in Waco, Tex., and went to Chicago as an examiner in the old western department of the Delaware, Reliance and Rochester German in that city. When the Firemen's western department was established, he connected with it on July 1, 1910. He became chief clerk, later office manager and then was appointed assistant manager in October, 1919. He went to Newark in 1923, having been elected as secretary and in January, 1926, was

made vice-president and secretary. He is survived by Mrs. Bassett and his brother, Neal.

### Manager Louder is Retiring

SAN FRANCISCO, Jan. 17.—Paul Louder, general manager Union of Canton for 14 years at the head office, is retiring Feb. 24. A. W. Hughes, who was made home office inspector January last year, will succeed him. He established the branch here in 1926. Mr. Hughes has just completed a world tour of Union agencies.

## Resolution in Arkansas on Controlled Business

The Arkansas Association of Insurance Agents passed a resolution on "controlled business," declaring it to be detrimental to the best interests of insurance and those legitimately engaged in it for the companies to appoint as agents or for local agents to appoint as sub-agents or helpers:

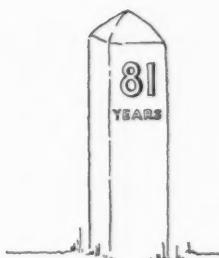
(a) Persons who do not produce a reasonable volume of business on risks

they do not control through ownership or relationship.

(b) Incorporated agencies all or a substantial portion of whose stock is held by individuals or other corporations not directly engaged in the operation of the agency.

(c) Incorporated agencies whose stock is distributed to patrons or prospective patrons of the agency.

**John Harris**, president of the R. E. L. Brooks agency of South Chicago, died Monday. He was one of the well known class 2 agents.



## PASSING ANOTHER MILESTONE

The fact that the Agricultural has come to the Eighty-first Milestone—in the parade of years—is in itself a dual tribute . . . and we are proud to acknowledge our debt . . .

*First*, to our many loyal agents who have supported us through the years . . . who have contributed much to our progress, and

*Second*, to the men who founded the Company—early in 1853—and to the succeeding generations of sound management. It was they who laid down the principles on which is based the Agricultural's present position of strength and security.

In the year—and the years—to come, we shall stand by those original principles of fair dealing and full cooperation. We still believe that the elimination of unnecessary correspondence and detail plus efficient speed in home office routine is vitally important to our representatives and their customers. We face the future—as always—a firm supporter of the American Agency System.

\* \* \*

To first rank agents who may be considering the addition of another strong company we make this suggestion . . . let us refer you to some of our agents in your state for a personal, unbiased opinion of how we measure up from the agent's viewpoint.

**Agricultural**  
Insurance Company.  
of Waterbury, R.I.

## AS SEEN FROM CHICAGO

### DOUGHERTY DEPUTY MARSHAL

F. E. Dougherty, Jr., has been appointed deputy Illinois fire marshal in charge of the Chicago office, succeeding Paul Bertram, resigned. Mr. Dougherty is well regarded and his administration is expected to be effective. His father was building commissioner under Mayor Dever of Chicago.

\* \* \*

### GOVERNING COMMITTEE NAMED

H. A. Behrens, president of the Continental Casualty and Continental Assurance, who is chairman of the insurance committee of the Illinois chamber of commerce, has arranged for a small governing committee composed of members of the large committee. This small committee will be a working body that will develop suggestions for the committee. J. S. Kemper, president of the Lumbermen's Mutual Casualty of Chicago, has been appointed chairman of the governing committee. Other members are O. E. Aleshire, Chicago local agent, and national treasurer of the Modern Woodmen; R. W. Troxell of Springfield, na-

tional councillor Illinois Association of Insurance Agents; Norris Bokum, Bokum & Dingle of Chicago, general agents Massachusetts Mutual Life, and J. C. Harding, Chicago, western manager Springfield F. & M., and a director of the U. S. Chamber of Commerce.

\* \* \*

### W. U. A. MEMBERSHIP

In the new lineup of the Eagle Star & British Dominions and Lincoln Fire, W. A. Blodgett, manager, and H. G. Casper, assistant manager, become members of the Western Underwriters Association.

\* \* \*

### WATCHING BANK AFFILIATIONS

The Illinois insurance department is scrutinizing very carefully any applications for agency licenses that seem to be connected with banks. In Illinois the only banks that are being licensed are national banks in towns of less than 5,000 inhabitants. In other places, both national and state banks are not allowed a license. The department feels that there are subterfuges being resorted

to and that some bank agencies are being conducted under cover. Therefore if there is any doubt in the minds of the department, a careful checkup will be made. The banks nor any of their officials or employees are permitted to take any part in an agency or receive any profits or commissions from it. An agency must not be conducted in the bank's office or have any connection with it.

\* \* \*

### FIREMAN'S FUND FIELD RALLY

About 30 field men in the western department of the Fireman's Fund attended a conference in Chicago Tuesday and Wednesday of this week with Manager S. M. Buck and Vice-presidents E. T. Cairns and C. R. Page from the head office. Last week a similar roundup was conducted by Manager C. C. Hannah in Boston, Mr. Page and Mr. Cairns also attending that meeting.

Wednesday evening in Chicago a banquet was held, which was in the nature of a testimonial for A. B. Diggins, who is retiring as Missouri state agent, after having been connected with the Fireman's Fund 25 years. He is the oldest field man in point of years and of active service with the company. He was presented with a handsome wrist watch. Mr. Cairns was toastmaster.

\* \* \*

### CLEM WHEELER ON PROGRAM

C. E. Wheeler, associate western manager of the Hartford Fire, will be the speaker before the Chicago Fire Insurance Examiners Association at its meeting Thursday of this week.

\* \* \*

### MAVON'S ANNUAL JOLLIFICATION

Employees of the G. A. Mavon & Co. Agency, Insurance Exchange, Chicago, and their friends, at his annual jollification tried out a handsome bar installed in a recreation room in his home in Beverly Hills, Ill. There was a five-piece orchestra. Competitions and games were enjoyed and prizes awarded. Mr. Mavon's entire office staff has been associated with him more than ten years.

\* \* \*

### FUND COMMITTEE NAMED

Chicago insurance men instead of a benefit ball Jan. 30 in honor of the President's birthday and to raise funds for the Georgia Warm Springs Foundation, his pet project, will seek a \$4,000 fund. Insurance Director Palmer this week was named honorary chairman of the drive; George D. Webb of Conkling, Price & Webb, general chairman; J. S. Glidden, manager Chicago Board, treasurer, and E. M. Ackerman, secretary Illinois Insurance Federation, as secretary. A letter sent out with subscription card asks each office to contribute not less than \$15.

Committees named were: Fire—W. P. Robertson, chairman; L. M. Drake, Mr. Glidden, H. M. Loeb, A. S. Schwartz and L. E. Yager; life—E. B. Dudley, chairman; N. H. Bokum, R. L. Davis, I. M. Hamilton, Walt Tower and H. T. Wright; casualty and surety—C. H. Burras, chairman; H. A. Behrens, Wade Fetzer, Sr.; James S. Kemper, F. P. Lavin and W. O. Schilling.

\* \* \*

### GRUHN IN WEST

A. V. Gruhn, general manager of the American Mutual Alliance, is in Los Angeles on a business trip. On his way west he stopped in Texas. He is not expected to return to Chicago for two or three weeks.

\* \* \*

### PLAN EXECUTIVES' NIGHT

The Cook County Field Club plans to hold an executives' night in March, the one last year having been highly successful. H. J. Burridge of THE NATIONAL UNDERWRITER again will be toastmaster. President A. H. Wishard of the club appointed at the January meeting F. B. Ingledew, North British, as chairman of the committee on the meeting, with J. J. Ferguson, H. Hilton and L. P. Warren as members.

\* \* \*

Other committee chairmen appointed were: Membership, W. T. Bisbee; board relations, J. J. Ferguson; publicity, F. B. Ingledew, and inspections, S. B. Fabans. A feature of succeeding monthly meetings, President Wishard said, will be a five-minute talk by some member on phases of insurance, followed by open discussions. New members elected at the January meeting were H. S. Clifton, R. W. Mercer and J. Waughen of the Home of New York, and Lou Thoelecke, North America.

\* \* \*

### COOK COUNTY CONDITIONS BETTER

Special agents are much encouraged by the situation in Cook county. The increasing emphasis on agency balances has served to improve collections considerably. Only one angle appears disturbing, the fact that agencies suffering from depression conditions generally are taking advantage of the 90 days credit period allowed by Insurance Director Palmer, whereas formerly many agencies paid promptly in line with the companies' 60 day rule. There is noticeable reduction in the number of bank agencies throughout Cook county, partly due to elimination of many banks, again to the fact that only national banks in towns of 5,000 population or less can secure insurance licenses in Illinois. The growing tendency of companies to get away from the bank agencies is also a factor.

\* \* \*

### C. F. THOMAS AT MINERAL WELLS

Secretary C. F. Thomas of the Western Underwriters Association, following his visit to the Missouri, Kansas and Oklahoma field organizations and a brief stay at Dallas, Tex., has gone to Mineral Wells, Tex., for a sojourn.

\* \* \*

### WARSHAWSKY IS EXONERATED

The Chicago city fire attorney's office in charge of Assistant T. J. Sheehan has been making an investigation of the Warshawsky & Co. fire at 1913-35 South State street. This is an automobile supplies concern, one of the largest in the city. The company acted as agent for some 15 large distributors and did a mail order and direct retail business amounting to \$1,000,000 a year from this plant. The fire occurred about 8:30 p. m., when there were 35 employees and salesmen in the building. It supposedly was started from a lighted cigarette, having landed in a pile of combustible matter. Warshawsky & Company's trade consisted of about 75 percent new parts and 25 percent used. It canceled \$20,000 insurance a few weeks before the fire. There was \$49,650 insurance on contents valued at from \$150,000 to \$175,000. The insurance on building was \$161,500 and there was a mortgage of \$150,000 on it. The insurance on the building was written for five years at a rate of \$9.96 a thousand. The personal loss above insurance to the assured is about \$150,000.

\* \* \*

### HONOR CASPER AT PARTY

A family party was given in Chicago for H. G. Casper, western manager Eagle Star & British Dominions and Lincoln Fire, who leaves this week for New York City to become assistant United States manager, this department being moved there. Frank L. Erion, well known adjuster, presided. Almost all those present were associated with the Fred S. James & Co. agency or Mr. Casper's department. Mr. Casper was given a wrist watch and an engrossed folder containing the signatures of all those present. Talks were made by L. C. Larson, superintendent of agents; George H. Ebbert, office manager; Charles Buresh, vice-president Chicago Board; W. H. Potter, Cook County manager Phoenix of Hartford group, and H. F. Flagg of Boyle, Flagg & Leman.

\* \* \*

Manager J. C. Harding of the Springfield F. & M. and Assistant Manager W. P. Robertson of the North America are in New York City this week.



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## NEWS OF THE COMPANIES

### Cincinnati Carriers Prosper

#### Most Companies in Ohio City Show Underwriting Profit on Lower Premium Income

The companies' headquarters in Cincinnati maintained the high level of progress during 1933 which has featured their reports during each year of the depression.

Of the Cincinnati fire companies, the Eureka-Security reports an underwriting profit for the first time in many years with a drop of about 12 percent in premium income in 1933 and a drop in losses to about \$600,000. The premium income will be about \$1,355,000 compared with the premium income of \$601,000 in 1923. The assets and surplus of the Eureka-Security, which is the oldest stock fire company in the state, will remain about the same as in the previous years.

The American Druggists Fire which is ably managed by F. H. Freericks and confines its business to druggists, reports net premiums of about \$372,000 or about 10 percent less than in 1932. Its losses also showed a decrease and will be \$170,000 for 1933. Surplus and assets both increased by about \$25,000.

The Inter-Ocean Casualty, which writes accident and health, reports an excellent year with the possibility of showing a slight profit in underwriting. The premiums will be about \$900,000, a decrease of about \$231,000 from the previous year and the losses will be around \$500,000, decrease \$132,000. The surplus will show an increase of \$22,000. This company placed itself in a favorable position in 1933 by selling some of its bonds at a slight loss in order to settle and clear off old claims. This will account for the decrease of the assets of the company of about \$60,000.

The mutual fire companies of Cincinnati which include the Cincinnati Equitable, the oldest fire company in the west being organized in 1826, the Hamilton County Mutual, Retail Druggists Mutual and the Sun Mutual all report a slight decrease in premium income and in losses and slight increases in assets and surplus. These are all substantial companies and conservatively managed and do most of their business in Hamilton county.

### Ben Franklin Changes

LOUISVILLE, Jan. 17.—The Ben Franklin Fire, recently purchased by the Liberty Fire of Louisville, has made some changes in its official lineup. M. B. Rinehart, who succeeded Adolph Reutlinger as president some three or four years ago, continues as president. A. R. Stroud resigned as vice-president, and was elected secretary. E. B. Williams, a casualty man with the Liberty, becomes the new vice-president and F. G. Garnett, manager of the claim department of the Globe Indemnity, becomes treasurer. Mr. Stroud prior to going with the Ben Franklin was state agent for the American Central in Kentucky. The directors are Messrs. Rinehart, Williams, Stroud, Garnett and F. J. Dolle.

The Liberty Fire has acquired all capital stock of the Ben Franklin Fire, and will also be an agent of the latter in Louisville. The Ben Franklin writes over the state, whereas the Liberty confines its writing to Louisville and Jefferson county.

### Herd Made Vice-President

J. V. Herd, secretary of the Fire Association, Reliance and Victory, has been elected a vice-president as well as secretary. Mr. Herd went to Philadelphia in 1930 to take his official position. He was formerly an official of the Niagara Fire and prior to that was in the field

having traveled in Iowa, Ohio and other middle western states. He is a son of John Herd of the Scottish Union & National at St. Louis.

### L. T. Jones Advanced

DES MOINES, Jan. 17.—L. T. Jones, for the past two years assistant secretary of the Town Mutual Dwelling, has been elected vice-president to succeed Harry Harding, who retired because of ill health after 32 years of service. Mr. Jones has been affiliated with the company 10 years. Other officers were re-elected.

### Company Notes

E. L. Risner has been elected president of the Farmers Mutual Fire of Dayton, O.

The Farm Bureau Mutual Fire of Columbus has been licensed by the Ohio department to write fire and tornado insurance.

W. E. Barth has been elected president of the Washington Mutual Fire of Louisville to succeed the late H. A. Brinkhaus.

R. A. Enders, Harrisburg Bank presi-

dent, has been elected president of the City Mutual Fire of Lebanon, Pa., to succeed the late E. E. McCurdy.

### Jersey Field Man Missing

W. W. Du Pont, New Jersey special agent for the Crum & Forster organization, is the subject of widespread search by coast guards and police of Monmouth county, N. J. He has been missing from his home in Nutley, N. J., since last Thursday. His automobile was found abandoned on the sea wall at Sea Bright, N. J., and his hat and overcoat were on a bulkhead nearby.

On the preceding Monday evening he was elected vice-president at the annual meeting of the New Jersey Field Club and his friends said he exhibited no signs of depression.

### Memorial Service for Case

There was a large attendance at the memorial service held for the late James L. Case at the Central Baptist Church in Norwich, Conn., Sunday morning. A number of insurance men from outside centers as well as from Norwich were among those gathered. The service was directed by E. H. Davis, secretary of the Y. M. C. A., with which Mr. Case had long been prominently identified and for 10 years its

president. Speakers in addition to Mr. Davis were P. E. Smith, representing the church and Sunday school; J. Q. Miller of Hartford; Dr. M. J. Toomey of Philadelphia and the pastor, Rev. D. A. Pitt. Mr. Miller summarized the virtues possessed by Mr. Case as being: "Vision, courage and loyalty, faith and dependability." Mr. Case's favorite hymns, "Awake My Soul" and "A Mighty Fortress Is Our God," were sung by the choir.

### New Jersey Field Club Elects

TRENTON, Jan. 17.—At the annual meeting of the New Jersey Field Club these officers were elected: President, R. A. Sheppard, America Fore; vice-president, W. W. Du Pont, Crum & Forster; secretary, Fred Morasch, Queen; treasurer, H. A. Powell, American of Newark.

### Rodes Heads St. Louis Agents

Boyle O. Rodes of W. H. Markham & Co., was elected president of the Fire Underwriters Association of St. Louis at the annual meeting. All the nominees previously announced were elected.

R. B. Carlson has applied for class 1 membership in the Chicago Board to succeed H. M. Hansen, resigned.

1849



1934

## PURPOSEFUL PIONEERS

WITH the purpose of a pioneer, with faithful adherence to the highest ideals of its founders, with a reiterated pledge of loyalty to its producing agents, the "Springfield Group" of Fire Insurance Companies pushes onward through the years, each year a milestone of accomplishment and progress. Such enduring companies are good companies to represent.

THE SPRINGFIELD GROUP OF FIRE INSURANCE COMPANIES

### SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY

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CONSTITUTION DEPARTMENT, Springfield, Massachusetts

SENTINEL FIRE INSURANCE COMPANY, Springfield, Massachusetts

MICHIGAN FIRE & MARINE INSURANCE COMPANY, Detroit, Michigan

NEW ENGLAND FIRE INSURANCE COMPANY, Pittsfield, Massachusetts

## THE NATIONAL UNDERWRITER

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FUNDAMENTAL REFORMS IN COMPENSATION

### Fundamental Reforms in Compensation

VICE-PRESIDENT G. D. MEAD of the GLENS FALLS INDEMNITY, in his message to agents on compensation, we believe, has struck fundamentals. He advocates application of the ENGLISH system of paying dividends to policyholders, when the loss ratio is less than 62.5 percent and of levying assessments against the policyholders when the loss ratio exceeds that figure. So far as paying dividends to policyholders who have earned them is concerned, the proposal has become known in this country as the retrospective rating plan. The suggestion has not been advanced heretofore to levy assessments against policyholders, whose loss ratios are above the profit point.

Under the ENGLISH system, commissions range from 10 percent to 2½ percent.

Modifications of those principles were embraced in the program, which the NATIONAL BUREAU OF CASUALTY & SURETY UNDERWRITERS was prepared to propose to the NATIONAL CONVENTION OF INSURANCE COMMISSIONERS some time ago. The proposals, however, were withdrawn at the last minute.

Both features of that program run counter to long established principles of the organized agents and consequently those who might otherwise embrace the plan, do not do so because of fear of creating a commotion. The retrospective rating plan is opposed on the theory that it is an adaptation of the mutual principle and commission reduction is opposed on the theory that to stand for a reduction in compensation commissions would create a precedent, which might be invoked in other lines.

We believe that the time has come when the agents might revise their outlook on these points. The great need of the companies is more income, with which to pay losses. Merely fighting for rate increases from state authorities does not seem to be the answer. As rates are increased, the assured naturally begins to count the cost more carefully and study the possibilities of self insurance, stop loss covers or eliminating commission cost. Although many agents undoubtedly do give real service, the cost of which is not begrimed by the as-

sured, by and large, as a practical matter, it is more difficult for the agent to justify the commission feature of the expense than it is for the company to justify its expense. In saying this, we do not mean to imply that the agent's justification for his commission is not valid, but that his arguments are simply not as convincing because the burden of proof is on him, as it is on all middle men.

We believe that the agents are in a more receptive mood today than they were a year ago towards the idea of commission reduction.

G. W. CARTER of DETROIT at the CHICAGO meeting of the NATIONAL ASSOCIATION OF INSURANCE AGENTS proposed that the agents accept such a reduction. The argument that reduction in compensation commissions would lead to reduction in commissions on other lines is pretty much an academic question. The immediate problem is how to handle compensation insurance, so that there will be any commission at all. We feel that the agents would be acting in their own best interests, from the long term point of view, if they would accept a sacrifice in commissions on the business now on their books, so as to insure the preservation of some income from that business and as a means of acquiring new business more easily.

The retrospective rating plan, we believe, is just as fundamental as commission reduction in reforming the handling of compensation. It is far more equitable than the experience rating plan which undertakes to pay the dividend, in anticipation of good experience. Equity rating is susceptible to abuses because of competition, and it is not scientific. The retrospective plan contemplates that the rates that are charged shall be higher than experience would indicate to be necessary. That is, a cushion is provided, just as there is in mutual life insurance. Under this plan the employer pays more premium, but he has a vital reason for reducing accidents. He has a prospective equity in the premium that he has paid, which should prove a great incentive.

When the compensation question is

## PERSONAL SIDE OF BUSINESS

F. R. Bigelow, president St. Paul Fire & Marine, has been elected chairman of the executive committee of the First National Bank of St. Paul, one of the largest financial institutions in the north-west.

It is reported that C. M. Purmort, president of the Central Manufacturers Mutual and the General Mutual Life of Van Wert, O., will seek the Republican nomination for Congress from his district.

C. G. Young of the well known Young agency of Zanesville, O., is now a colonel on the staff of Governor Laffoon of Kentucky. He is not a Kentuckian, but he springs from southern ancestry.

Iowa field men are grieved to learn of the death of Marguerite E. Sherman, 16, daughter of F. Roy Sherman, Iowa state agent of the Milwaukee Mechanics and National Ben Franklin, at her home in Des Moines. She had been ill for two years following injuries received in an automobile accident but in recent months had been showing marked improvement.

C. L. Montgomery, 68, for more than 20 years with the St. Paul Fire & Marine in Iowa, died at his home in Ottumwa, Ia. He was formerly a special agent for southern Iowa.

C. W. Smitheman, editor and business manager of the "Keystone Motorist," published by the Keystone Automobile Club of Philadelphia, has become advertising and sales production manager for the Camden Fire. Mr. Smitheman is not a stranger to the Camden Fire. He started with it as an office boy in 1914, being connected with it for over six years. He then went with the Foley Advertising Agency of Philadelphia.

Shelton Saufley, former Kentucky insurance commissioner, has been given a temporary appointment as district manager of the Louisville branch of the bureau of foreign and domestic commerce.

T. B. Clarke, one of the best known fire special agents in the Pacific territory, passed away at his home in Oakland, Cal., following an illness of several weeks. For the past 18 months Mr. Clarke had been serving the National of Hartford as special agent. He began his insurance career more than 20 years ago with the Crum & Forster office, later becoming superintendent of the fire de-

partment of state authorities for a multiplicity of reports and filings were modified. The commissions in the various states keep adding to their requirements, which causes an increasing burden to the companies, which is entirely nonproductive. For instance, in practically all states the companies are required to file a copy of every accident notice, and in many other states there must be filed a copy of the agreement as to payment of compensation, and then as each payment is made there must be filed a partial payment receipt and then a final payment receipt. Then there must be filed a statement of medical costs on a special form in many states, as well as copy of the physician's preliminary report and then a final report from the doctor.

The companies could shave their expenses materially, if the burdensome re-

portment of the Aetna Life companies with direct supervision over the Automobile of Hartford in its western branch office at San Francisco.

Having been taken to the University Hospital at Iowa City about four weeks ago for treatment, J. E. Marietta still remains seriously ill. He is the senior member of the agency of Marietta & Bickel of Vinton, Ia., having entered the local business Oct. 1, 1875. On June 1, 1899, W. E. Bickel became associated with him. G. H. Bickel became a member of the firm Jan. 1, 1920, and was killed in an automobile accident Sept. 21, 1930.

Arthur H. Ely of Milwaukee, state agent for the North America, was entertained in Chicago Monday at lunch by western department officials of the North America, since on that day he completed 25 years in the service of the company. He was presented with a 25-year service medal by Assistant Western Manager L. J. Braddock in the absence of Manager C. R. Tuttle.

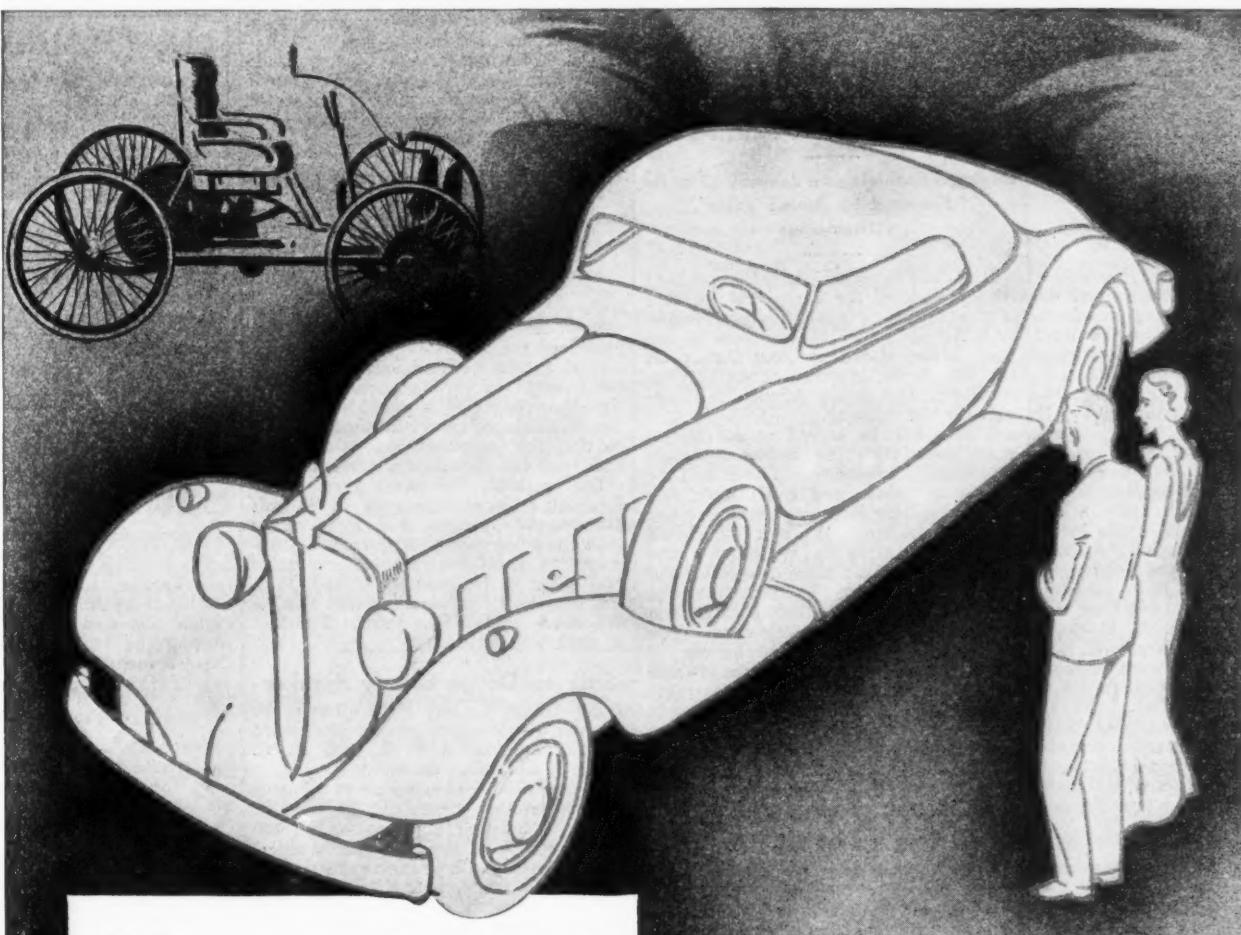
Mr. Ely is the son of William L. Ely, who has been Missouri state agent for the North America 37 years, and is also the holder of a 25-year service medal.

A. H. Ely started on the road as assistant to his father in Missouri in 1909. Then he was transferred to Mt. Vernon, Ill., and from there was sent to Milwaukee.

W. D. Milne was presented with a traveling bag and brief case by the office force of inspectors of the Boston office of the Eastern Underwriters Inspection Bureau. He is being transferred to New York headquarters.

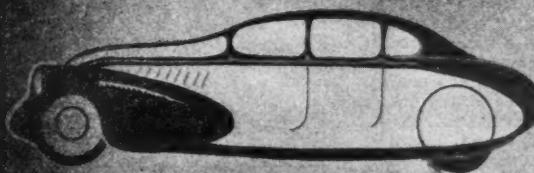
Charles E. Freese, president of the Freese Agency, Detroit, was rushed to the hospital for an emergency operation for acute appendicitis. Peritonitis had set in but rapid and skillful work by the surgeon arrested its development and the patient is reported to be resting comfortably. Mr. Freese is one of the leading local agents in Detroit, having been president of the Michigan Association of Insurance Agents in 1932 and of the Detroit Board in 1925 and 1926.

O. J. Davis of Des Moines, state agent for the Home of New York, is spending a few days in New York. On his way east he visited officials of the Home in Chicago.



30 years ago, a fifty mile "tour" was a daring adventure.

NOWADAYS trips of two hundred miles — five hundred miles — or across the continent are commonplace events.



## Ætna Combination Automobile Policies meet the needs of present-day motorists



They may be written to cover every insurable motoring hazard and are backed by coast-to-coast service facilities.

*It pays to be Ætna-ized!*

*It pays to be an Ætna-izer!*

**THE ÆTNA CASUALTY & SURETY COMPANY**

THE ÆTNA LIFE INSURANCE COMPANY — THE STANDARD FIRE INSURANCE COMPANY  
THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Reelect Fond du Lac President

**Board to Be Coextensive—School Insurance Plan Effective—May Form County Group**

FOND DU LAC, WIS., Jan. 17.—At the annual meeting of the Fond du Lac Board W. C. Thornton, president, and Arnold Petri, secretary-treasurer, were reelected. Hugh Crosby, retiring director, was named vice-president. Directors are E. J. Shaw, W. I. Cole, M. M. Duel, Michael Wettstein and W. J. Ryan.

A resolution was passed making the board's membership coextensive with the state and national organizations, with membership in both made a requirement for membership in the local.

Arrangements for organizing a local board at Ripon, Wis., were announced by C. W. Diedrich and J. F. Hamley of that city, who were guests of the Fond du Lac Board. K. A. Morgan, Oakfield; A. F. Baus, Marytown, and Reid Stoddart, Waupun, were present and reported that a county organization is in prospect. When these groups meet to organize, it was indicated, they will consider forming separate organizations closely affiliated with the Fond du Lac Board, or may accept an invitation to merge themselves into the existing local group.

Arrangement for insuring the buildings of the local public school system, prepared and put into effect by the Fond du Lac Board about a year ago, has proven attractive to the vocational school board and the public library, both of which recently insured their buildings under a similar plan, it was announced. To speed the settlement of small fire claims which may become due the public school system, the board voted to set aside a fund of \$250 from which these claims will be paid as soon as adjusters make their report. Any loss under \$250 will be paid, and no proof of claim will be filed with the insurance companies until the end of the year or until the fund is exhausted. The new arrangement is desirable because the insurance on the buildings is written with more than 100 companies in a blanket form, placed with local agents by a committee of the board. Thus each company is on each loss and in case of a fire it would be a tedious job to put through proofs of claims of small amounts through so many companies.

The board took action at the meeting to insure cooperation of its members in enforcing the new rule of the fire insurance Rating Bureau, requiring payment for policies within 30 days and providing that no policies will be cancelled flat or without charge for earned premium if not returned within the 30-day period.

### Clancy in New Agency

DES MOINES, Jan. 17.—P. J. Clancy, for 30 years an insurance agent in Des Moines, has reentered the agency field here under the name of P. J. Clancy & Son Co. With him is his son, Lawrence Clancy. Offices are in the Flynn building. Mr. Clancy is past president and past secretary of the Iowa Association of Insurance Agents and has served on committees of the National Association of Insurance Agents. Up to a few years ago he operated his own agency here, but gave it up on account of ill health. On his return from the Pacific coast, he joined the Witmer-Kauffman-Evans Co. agency.

### Michigan Meet at Ann Arbor

**Regional Gathering on January 23 to Be Featured by Round Table Discussions**

DETROIT, Jan. 17.—Plans have been completed for a regional meeting of the Michigan Association of Insurance Agents under the auspices of the Ann Arbor Board in Ann Arbor on Jan. 23. J. W. Mundus, executive vice-president, Ann Arbor Agency, is chairman for the meeting.

Dinner will be served at the Michigan Union with the business session immediately following. There will be no set addresses and round-table discussions will be held on current fire and casualty problems. While it is designed chiefly for agents in Washtenaw and adjacent counties, a large delegation will be present from Detroit, Lansing, Grand Rapids and other centers and non-members will be welcomed. The NRA code for agents will be one of the principal topics at the round-table discussion, together with the movement to gain more members for local boards throughout the state and the program of strengthening the existing boards.

### HOLC Insurance Issue Is Discussed at Battle Creek

The matter of the placing of new business and renewals of fire policies covering mortgaged property by the Home Owners Loan Corporation in Michigan was the principal topic of discussion at a meeting of the Battle Creek Board. The association voted to call upon the Michigan Association of Insurance Agents to exert every possible effort to prevent the HOLC from placing this business on a brokerage basis through outside agencies.

It appears that the Michigan HOLC situation has now been straightened out to the satisfaction of local agents. The Washington HOLC authorities have been friendly to the agents and have quickly brought into line any state managers who started departing from instructions as to handling insurance.

### Farm Rates and Risks Are Criticised at Mutual Meet

ST. PAUL, Jan. 17.—Farm fire insurance rates and risks were targets for criticism at the annual meeting here of the Minnesota Association of Farmers Mutual Insurance Companies.

E. H. Meyer, Indianapolis, said that farm insurance rates have not been revised downward in line with the depreciation of farm values. "If such conditions continue," he said, "some companies cannot survive. The only remedy is to reduce the allowable insurance coverage so low that the insured cannot afford to have a fire and he must be induced to carry out more rigid inspection of his property to that end."

J. J. Sullivan, Collis, Minn., declared that "fire hazards on farms will continue to increase until better times come." Commissioner Garfield W. Brown praised the management of insurance companies generally for the way they have come through the depression years. The association discussed the advisability of organizing a Minnesota automobile insurance com-

pany but the matter was referred to a special committee to report in 1935.

The following officers were elected: J. N. Jacobsen, Hills, president; Daniel O'Neill, vice-president; A. E. Anderson, Cottonwood, secretary, and Mrs. John Thompson, Carlton, treasurer.

### Special Agents Are Aid in Reducing Arson in Detroit

DETROIT, Jan. 17.—Cooperation of special agents in the fire field in Detroit helped to cut down fire losses in Detroit last year, says Sergeant G. W. Smith of the arson squad. When the special agents were advised of bad moral hazards in certain sections of the city they canceled a number of policies and reduced others in these sections so that the temptation to "touch offs" was removed in many instances.

During 1933, the worst year of the depression, incendiary fires in Detroit decreased 20 percent and losses from such fires decreased 40 percent. A decrease of \$2,000,000 in total fire losses was effected between 1930 and 1933. Detroit's fire loss last year was \$1,897,048, the lowest in four years. The loss in 1932 was \$2,686,900.

### Sullivan Dodge County Speaker

The Dodge County (Wis.) Insurance Agents Association started its third year of association work with A. C. Gibbs of Columbus presiding.

O. B. Sullivan, casualty claim adjuster of the Aetna Casualty, Milwaukee, branch, conducted a discussion on the legal hazards of liability claims, citing various accident illustrations and the application of the comparative negligence law, joint obligors' act and the safe place statute, calling attention to the duty of every agent to inform his clients of existing hazards, and recommend adequate limits of protection. As to limits in automobile insurance, he referred to the increase in death benefits to \$15,000 in Wisconsin, exclusive of medical expense, pain and suffering, etc.

### Many With Laclede Agency

ST. LOUIS, Jan. 17.—Nelson Many has resigned as vice-president of the General Insurors to become vice-president of the Laclede Insurance Agency.

Prior to joining the General Insurors, he was a partner in the Many-Bland Insurance Agency for a number of years. Prior to that he had been connected in executive capacities with the St. Louis offices of the U. S. Fidelity & Guaranty and Fidelity & Deposit.

### New Fort Wayne Board

FORT WAYNE, Jan. 17.—At the last meeting of the new Fort Wayne Board, a constitution and bylaws was adopted with the exception of several articles which will be submitted at the February meeting. Officers are: M. J. Beitz, president; Richard Waterfield, vice-president, and Joe Colligan, secretary-treasurer.

### Uphold St. Louis Board Rule

ST. LOUIS, Jan. 17.—The Fire Underwriters Association of St. Louis at a special meeting voted almost unanimously to uphold the executive committee's interpretation of a rule which requires that a member agent must write his business in his own office.

Recently the executive committee notified 16 members that their officing arrangements were violating the rule as interpreted by the committee and they were notified to make other plans immediately as to meet the rule's requirement. One of the 16 members then appealed from the ruling.

After approving the executive com-

### Ohio Fire Marshal Made Excellent Record Last Year

State Fire Marshal F. C. Henry of Ohio secured 79 convictions for arson and similar crimes in 1933, according to his annual report. This total exceeds by three the number secured in 1932 and, therefore, establishes a record for the past 13 years.

In 1933 the office investigated 821 fires, and 172 persons were prosecuted. On Jan. 1, there were 28 indictments pending and 15 cases ready to be presented to the grand juries. The summary of 1933 prosecutions is:

Convictions .....	79
Confessions .....	54
Arrests .....	92
Bound over to grand jury .....	61
Failed to bind over .....	6
Indicted .....	109
Failed to indict .....	11
Acquittals .....	16
Disagreements .....	5

mittee's action it was decided that each case believed to be in violation of the officing regulations should be handled individually and decided on its merits. Among the 16 were both Class 1 and Class 2 members.

### Fifty-Year Testimonial

When the Easton Agency, Muskegon, Mich., rounded out 50 years in the business, the occasion was remembered by the various company men, who tendered the agency and their associates a banquet.

Robert E. Easton is the third generation of the Easton family, carrying on the traditions of his grandfather, Robert P. Easton, and his father, J. M. Easton, representing the North British & Mercantile, Fidelity-Phenix and Norwich Union of the older companies in the agency.

Among those present from Chicago were Agency Superintendent C. J. Linzenfelder and Chief Examiner R. J. Bothwell of the Fidelity-Phenix.

Many congratulatory telegrams and letters were received.

The Western of Canada was the first company represented in the Easton agency.

### Kansas Local Board Drive

The Kansas Association of Insurance Agents, under the leadership of G. T. Fisher, Salina, chairman local board committee, will make a drive to organize new boards throughout the state Feb. 16. The 14 local boards in the state have been asked to appoint committees that will call on a town nearby and endeavor to help organize a board. Field men have been asked to assist and some of them have written letters to their agents urging that they join the agents' association.

### Missouri Measures Signed

Governor Park of Missouri has signed the bill permitting the superintendent of insurance to conduct an operating receivership for a company in financial difficulties or suffering from mismanagement and to either reorganize, liquidate or mutualize such a company. The bill becomes a law in 90 days. Other insurance bills approved by Governor Park provide for the registration of all life insurance policies issued by Missouri companies and the posting with the department of investments to protect the legal reserves on such policies; placing a limitation on the home office building investments of insurance companies and a provision that bonds and stocks in private corporations purchased by insurance companies must show a

# LOYALTY GROUP

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

CAPITAL

\$ 9,397,690.00

Organized 1855

NEAL BASSETT, Chairman of Board  
HENRY M. GRATZ, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE GIRARD FIRE AND MARINE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1853

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE MECHANICS INSURANCE COMPANY OF PHILADELPHIA

\$ 600,000.00

Organized 1854

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$ 1,000,000.00

Organized 1866

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## SUPERIOR FIRE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1871

NEAL BASSETT, Chairman of Board

W. E. WOLLAEGER, President JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres.  
 H. R. M. SMITH, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE

\$ 1,000,000.00

Organized 1870

CHARLES L. JACKMAN, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE CAPITAL FIRE INSURANCE COMPANY

\$ 300,000.00

Organized 1886

CHARLES L. JACKMAN, President

NEAL BASSETT, Vice President

## UNDERWRITERS FIRE INSURANCE CO. OF CONCORD, N. H.

\$ 100,000.00

Organized 1905

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## MILWAUKEE MECHANICS' INSURANCE COMPANY

\$ 2,000,000.00

Organized 1852

NEAL BASSETT, Chairman of Board

H. S. LANDERS, President J. C. HEYER, Vice President WINANT VAN WINKLE, Vice President JOHN R. COONEY, Vice President  
 E. G. POTTER, 2d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. MCCLURE, 3d Vice Pres. T. A. SMITH, Jr., 3rd Vice Pres. F. J. ROAN, 3d Vice Pres.

## THE METROPOLITAN CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1874

NEAL BASSETT, Chairman of Board

H. S. LANDERS, President J. C. HEYER, Vice President WINANT VAN WINKLE, Vice President JOHN R. COONEY, Vice President  
 E. G. POTTER, 2d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. MCCLURE, 3d Vice Pres. T. A. SMITH, 3d Vice Pres. F. J. ROAN, 3d Vice Pres.

## COMMERCIAL CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1909

**WESTERN DEPARTMENT**  
844 Rush Street, Chicago, Illinois  
HERBERT A. CLARK, Vice President  
H. R. M. SMITH, Vice President  
JAMES SMITH, Secretary

**CANADIAN DEPARTMENT**  
461-467 Bay St., Toronto, Canada  
MASSIE & RENWICK, Ltd., Managers

**EASTERN DEPARTMENT**  
10 Park Place  
NEWARK, NEW JERSEY

**PACIFIC DEPARTMENT**  
220 Bush Street,  
San Francisco, California  
W. W. & E. G. POTTER, 2d Vice Presidents  
FRED W. SULLIVAN, Secretary

**SOUTH-WESTERN DEPARTMENT**  
912 Commerce St., Dallas, Texas  
OLIN BROOKS, 2d Vice President  
BEN LEE BOYNTON, Res. Vice President  
A. C. MEKKER, Secretary

**LOYAL TO PRINCIPLE - TO LOYAL AGENTS, LOYAL**

1805

1934

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*The Oldest Scottish Insurance Office*

## Caledonian-American Insurance Company of New York

ROBERT R. CLARK,  
U. S. Manager and President

### THE NETHERLANDS INSURANCE COMPANY OF THE HAGUE, HOLLAND

Est. 1845

ROBERT R. CLARK, U. S. Manager  
EXECUTIVE OFFICES: HARTFORD, CONN.

### Fire, Tornado, Automobile Insurance

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD.

ORIENT INSURANCE COMPANY

LAW UNION & ROCK INSURANCE COMPANY, LTD.

SAFEGUARD INSURANCE COMPANY

ENGLISH AMERICAN UNDERWRITERS AGENCY

STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Dept.)

GILBERT KINGAN, Manager  
Eastern Department  
20 Trinity St.  
Hartford, Connecticut

W. W. GILMORE, Manager  
Pacific Department  
332 Pine St.  
San Francisco, Cal.

C. CLAUSSEN, Manager  
Western Department  
223 W. Jackson Blvd.  
Chicago, Illinois

For Over Fifty Years Good Friends of Local Agents

faultless record for the payment of principal and interest for a period of at least five years prior to such purchase.

### Mortensen Issues Warning

MADISON, Wis., Jan. 17.—Commissioner Mortensen has instructed fire companies to discontinue discrimination in rate or form of contingent coverages such as use and occupancy, and rent.

In a communication to the rating bureau, he stated he has no authority over contingent contract rates or forms except when written under improper rate or form, in order to secure direct fire lines.

### Use CWA Funds for Protection

LANSING, MICH., Jan. 17.—Civil Works Administration funds are being used in some Michigan communities to improve fire protection facilities. Alarm systems are being extended, additional water mains being installed, and in at least a few communities new fire stations may be built. Cities must finance materials to a large extent themselves but CWA funds care for labor costs. Grand Rapids may erect a new fire station in the extreme northern section of the city, utilizing CWA funds for labor expenditures.

### License Is Reinstated

The agency license of Adam J. Kohl & Co. of Peoria, Ill., which was revoked in December by the Illinois insurance department, has been reinstated, Mr. Kohl having obtained a writ of certiorari in Sangamon county court. The license will remain in effect until there is a final judicial determination of the case.

### Cincinnati Election Held

At the annual meeting of the Cincinnati Fire Underwriters Association C. A. Meyers, Frederick Rauh and Theodore Safford were elected to the governing committee for two-year terms. Hold-over members are Walter Alexander and W. A. Earls. Within the next few days the committee will meet and elect officers.

### New Farm Rules in Iowa

New farm rules have now become effective in Iowa. They are practically identical with those which became effective in Illinois some time ago. They

include a new basis for calculating premiums on instalment business and the mandatory inclusion of hail and wind-storm coverage at an increase of 5 cents in the rate.

### Cullen Cleveland Speaker

CLEVELAND, Jan. 17.—T. J. V. Cullen, editor of the "Spectator," will speak to the Cleveland Board Jan. 24 on "A New Ideal for the New Deal in Insurance." Members of the Canton, Akron, Elyria-Lorain and Painesville boards are being invited to attend.

The board is holding a special meeting today to consider the code filed in Washington.

### Legislation Salina Topic

At the regular monthly meeting of the Salina (Kan.) Insurance Board, with 23 members attending, Senator C. B. Dodge of the Dodge Agency, Salina, chairman of the insurance committee of the state senate, gave a resume of the new insurance laws passed at the special session of the legislature. Plans were made for an insurance school in February.

### Elect Detroit Officers

DETROIT, Jan. 17.—The annual banquet and election of directors of the Detroit Association of Insurance Agents is to be held tonight.

### Elect Mutual Men at Columbus

John H. Griffin of the Grocers Mutual has been elected president of the Mutual Fire Insurance Club of Columbus; William Schofield, Lumbermen's, is vice-president; Ross Castle, Mill Mutuals, secretary, and T. E. Myers, Lumbermen's, treasurer. The board of governors is composed of J. W. Huntington, Mill Mutuals; Russell Davis, Lumbermen's, and J. E. Anderson, Mill Mutuals.

### Midwestern News Notes

The Winter Company, Cincinnati agency, has been incorporated by G. W. Winter, E. A. Winter and E. V. Winter.

The Dan A. Scanlon Agency, Akron, O., has been incorporated by J. A. Scanlon, T. A. Scanlon and D. A. Scanlon.

The Mutual Building & Loan Association, Hammond, Ind., has opened an insurance department with John Pers in charge.

Funeral services for Mrs. Emma Guenther, 65, widow of Fred Guenther, proprietor of the Guenther Agency in Detroit for many years prior to his death in 1927, were held in Mt. Clemens.

## IN THE SOUTHERN STATES

### Chattanooga's New Members

Twenty-one Taken Into the Fold of the Local Board — Leaders Present

The Chattanooga (Tenn.) Insurance Exchange has been reorganized and has taken in 21 new members. It is now the largest local board in point of members in the state. New members were recently guests at a dinner given in their honor at which were some of the leaders including C. L. Gandy, former president National Association of Insurance Agents, who made the chief talk; C. B. H. Loenthal of Nashville, national councillor; H. G. McMillan of Knoxville, member of the Tennessee executive committee; L. M. Ross of Gallatin, secretary state association, and W. I. Edwards of Nashville, former state president.

### Texas Fire Losses Low

Field men say 75 percent of the losses in southwest Texas in 1933 were storm and hail losses and that fire losses for this section show a very satisfactory decrease.

### Rate Revision in Oklahoma

Schedules for Farm and Oil Field Properties Reduced—Combine Tornado and Hail Rates

OKLAHOMA CITY, Jan. 17.—The Oklahoma insurance board has approved new rate schedules filed by the Oklahoma Inspection Bureau, which involve a general reduction on farm and oil field properties.

Some of the principal changes in the farm schedule were in connection with the premium payment plan and combining the tornado and hail rates, although the entire schedule was rearranged with rates and charges placed in a more uniform manner. All other schedules now contemplate combined tornado and hail rates and the changes made produce a combined rate of 5, 10 and 15 cents lower for 1, 3 and 5 year policies respectively.

The board also approved the amendment of the schedule covering oil refineries, oil tanks and stills, which provides that in lieu of basis rates for buildings under ten separate classifications, only four are considered, with no additional increase for height. Also the

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increase in basis for starred or hazardous occupancies has been eliminated and this, together with numerous minor structural and occupancy charge changes, tends to produce a reduction in rates on entire refinery properties of 15 to 18 percent with a greater reduction applying to oils at refineries.

**To Study Overhead Writings**

Florida Commissioner Asks Companies for Data in Regard to Resident Agent Laws

TALLAHASSEE, FLA., Jan. 17.—Commissioner W. V. Knott, determined to uncover violations of the resident agents laws of the state and how much in commissions is being taken from Florida agents by overhead writing, particularly on government projects, has sent to every company operating in the state the following requirement for the 1933 statement:

"All premiums on policies or other contracts of like nature on property or business in this state executed by fire and marine insurance companies, surety companies, and policies or other contracts of indemnity coverage, whether issued directly by a Florida resident agent or countersigned by him, shall be included by the company in its exhibit of Florida business in its annual financial statement to the state treasurer, and said premiums shall be taxable in this state in accordance with the laws providing for the taxation of premiums from policyholders in Florida."

"You will be requested to file, in connection with your annual statement to this department for year ending Dec. 31, 1933, a schedule showing all policies (or bonds) originating outside of Florida on property or business in this state, during the year 1933, with the amount of premium in each case, and the amount of commission paid the Florida agent countersigning each of such policies (or bonds) with the date of such payments. This schedule to cover policies (or bonds) on governmental projects (federal, state or local) as well as private business. Please be governed accordingly in preparing your annual statements for Florida for the calendar year 1933."

**Agents Pledge Companies Aid**

Birmingham Association Recognizes Cooperation Given It in Effecting New Dual Agency Rule

BIRMINGHAM, ALA., Jan. 17.—The Birmingham Association of Insurance Agents has adopted a resolution pledging relief to companies which have found it necessary to sever agency connections in compliance with the association's new dual agency rule. Every effort will be made to provide representation within the board for companies which have made such sacrifices. This is the first instance so far as known where agents have pledged themselves to see that conforming companies are properly represented.

"We, the Birmingham Association of Insurance Agents, feel that our efforts toward reorganization have been reasonably successful," said the resolution. "We realize that this reorganization has been greatly dependent upon the aid of those insurance companies which have supported us."

**Appreciate Companies' Support**

"It appears that certain insurance companies now planted in Birmingham, out of consideration of the rules of this association may be caused to make sacrifices. It also appears that certain other insurance companies, not now properly represented in Birmingham, sacrificed their immediate welfare in support of our plans."

"The members of this association are duly appreciative and resolve themselves to the reciprocal support and re-

lief of the aforementioned insurance companies in every reasonable and possible way."

The new rule prohibits a member agency from representing a company or a general agent which may have agencies not members of the association.

Through its reorganization under the Louisiana plan the Birmingham association now has 50 members, representing about 75 percent of the premium income in the city. All eligible agents in the suburbs of Ensley, Wylam and Pratt City are members of the association.

W. W. Croom, president Alabama association, has called a meeting of the state executive committee to meet with the Birmingham association in Birmingham on Jan. 23. At that time a reorganization of the state association will be inaugurated. F. H. Smith is full-time secretary-treasurer of both the local and state association.

## Louisiana Annual Meeting in Shreveport April 12-13

The annual meeting of the Louisiana Insurance Society will be held in Shreveport, April 12-13. This decision was reached at a meeting of the executive committee of the society in Baton Rouge. The annual meeting is expected to be one of the most important in the history of the association.

## Competition Keen for Read's Job as State Commissioner

OKLAHOMA CITY, Jan. 17.—With the primary election not until July 5, seven aspirants have already declared for insurance commissioner of Oklahoma, and Jess G. Read, present incumbent, although not officially announced, has indicated his intention of seeking reelection. Among those who have already thrown their hats in the ring are Mott M. Keys, former secretary Oklahoma Association of Insurers and Associated Fire & Casualty Underwriters of Oklahoma City; S. W. Philpott, McAlester, a leading producer for the Mid-Continent Life; W. G. McGowan, McAlester, former county commissioner of Pittsburg county and president of the state county commissioners association; A. W. Winfrey, Oklahoma City, for years connected with local assessment companies in the state; A. W. Whitten, Oklahoma City, representative of various casualty companies for nearly 10 years; E. W. Oakes, Norman, and R. B. Thomas, Norman, connected with reciprocals and mutuals in Oklahoma for about eight years. Other probable candidates are Capt. S. B. Kretlow of Oklahoma City and W. E. Wesley of Perry.

## Texas Commissioners Hear Views on Revision in Rates

AUSTIN, TEX., Jan. 17.—More than 50 questions involving revision of the general rate schedule for fire and casualty coverage in Texas were discussed at a public hearing before the state board of insurance commissioners. Representatives of all fire and casualty companies doing business in Texas attended the hearing.

A change in the method of arriving at credits and penalties for good or bad fire records in some 430 Texas cities and towns was considered. It was proposed to change the basis for penalties from the present three-year loss record to five years. The premium volume in these towns would be taken into consideration in the future in arriving at such credits or penalties.

Changes in windstorm and hail rates, forms and policies were also discussed and the commission was asked to fix rates for coverage of race track property in Texas. This is a new kind of risk. There are several race tracks in

## Convention Host



C. E. SWOPE, JR.

C. E. Swope, Jr., who has just been reelected president of the Louisville Board, will in that capacity act as chief host at the mid-winter meeting of the National Association of Insurance Agents to be held in his city the week of March 19.

Texas now since betting on horse races has been legalized. At one of these tracks the property is valued at more than \$500,000.

### FIVE YEAR PLAN OPPOSED

FORT WORTH, Jan. 17.—The proposed plan for fixing fire insurance premium penalties on a basis of five-year loss instead of a three-year loss as at present, is to be opposed by Fort Worth officials and local agents at a meeting tomorrow in Austin before the state fire insurance commission. City officials will fight the change, it was explained, because the proposal would continue to leave for calculation the years of high loss ratio which under the three-year plan would be dropped in 1935. Fort Worth's heaviest fire loss was in 1931 and on a five-year loss basis 1931's record would be included.

### Kentucky Qualification Bill

LOUISVILLE, Jan. 17—Information here is that legislation will be introduced in the Kentucky legislature shortly in connection with the long desired program for an agency qualification act. It will not be known as a qualification law but will confer more power on the insurance commissioner in the regulation of agents. The bill as proposed is understood to have the approval of the companies.

In 1932 the companies were opposed to the form of a qualification act, backed by the Kentucky agents and it was vetoed after being passed by large majorities in both houses.

### Join First Kentucky Fire

J. B. Slaughter & Co. and T. G. Slaughter have become associated with the First Kentucky Fire of Louisville, which is affiliated with the First National Bank and the Kentucky Title Trust Company. Mr. Slaughter will be an agent for the First Kentucky and will have his offices with that organization. The First Kentucky becomes general agent for the General Accident.

### Virginia Tax Knocked Out

RICHMOND, Jan. 17.—The supreme court of appeals has declared invalid and violative of the constitution of Virginia an act taxing fire companies for firemen's relief. The constitution provides that no greater amount of tax

be levied than is necessary to take care of the expenses of the government or pay the indebtedness of the state. A test of the law was made by the National of Hartford. The act provided for a tax of 50 cents on each \$100 of premiums.

### Promotions in Little Rock Agency

Bernard Heinze, who joined the Rightsell - Pearson - Collins - Barry-Donham agency, Little Rock, Ark., in April, 1933, has been made assistant insurance manager, and Herbert Collins, a member of the original organization, is made assistant secretary.

### Special Rule in Alabama

MONTGOMERY, ALA., Jan. 17.—Superintendent C. C. Greer has issued a special ruling for domestic companies in computing valuations for their annual statements. Detailed data is required regarding mortgages and securities deposited with the insurance department. Mr. Greer says the action is taken because of the limited number of department employees.

### San Antonio Exchange Meets

SAN ANTONIO, TEX., Jan. 17.—The San Antonio Insurance Exchange at its monthly luncheon meeting had a large attendance. F. C. Gittinger, president, was in the chair. Questions of interest which were discussed were the

NRA code, the checking office to be established at Austin, the work of the committee on the revision of the general basis schedule, and the credit code advertisement.

### Baton Rouge Exchange Elects

BATON ROUGE, LA., Jan. 17.—Percy Roberts has been elected president of the Baton Rouge Insurance Exchange to succeed Eugene Bingham. Other officers are: C. J. Bogan, vice-president; Charles Mayer, secretary-treasurer. The executive committee includes L. W. Collens, chairman; G. G. Wilkes, Warren Berwick and C. S. Mayer. Messrs. Collens and Wilkes are reelected.

Baton Rouge withdrew its invitation for the Louisiana Insurance Society annual meeting in favor of Lafayette.

### Southern News Notes

J. M. Warren has retired from the W. Dechart Co. agency, Harrisonburg, Va., in which he had been a partner for a number of years.

Maj. J. H. Howland of the National Board is in New Orleans to make a complete reinspection of the fire defenses of the city.

The Oklahoma inspection bureau has rerated Holdenville from eighth to seventh class, and Chickasha from seventh to sixth class. Hominy remains unchanged.

A. T. Whitt & Co., Winchester, Ky., who took over the Lacy & Robinson agency about two years ago, have purchased the Nunan & Maxwell agency and will merge the latter business into that of A. T. Whitt & Co.

## EASTERN STATES' ACTIVITIES

### Plans for Pittsburgh Dinner

Dinner Feb. 19 Will Be Preceded By Day of Educational Addresses in All Branches

The annual dinner and dance of the Insurance Club of Pittsburgh, which is always a brilliant affair, since it is attended by dozens of home office executives, will be held Feb. 19 at the William Penn hotel. The successful innovation last year of conducting a day of sales discussions in the various branches of the business, preceding the banquet, will be repeated this year.

The Pittsburgh Agents Association will provide a speaker on fire insurance, the Surety association will select a surety man, the Accident & Health Managers Association a speaker on disability coverage, the Smoke & Cinder Club a fire insurance speaker and the Casualty Association a casualty speaker.

One or two nationally known men will be the banquet speakers.

Charles H. Bokman, manager of the New Amsterdam Casualty, is general chairman of the dinner and dance committee and R. H. Alexander is assistant general chairman. Ben Davis is chairman of the sales congress committee, A. C. Supplee, speakers, E. W. Murphy, dinner and dance, D. W. Speidel, entertainment, W. F. Stumpf, Jr., program, H. W. Abbott, publicity, E. E. Cole, Jr., reception, P. C. McKnight, guests, A. W. Pardew, finance, H. S. Bepler, tickets, C. A. Reid, floor, C. W. Elton, door.

### Check Unlicensed Agents

NEW BRITAIN, CONN., Jan. 17.—A drive against agents who are selling policies without a state license or who are selling types of insurance not included in their licenses has been started by the New Britain Board. According to a list compiled by Secretary Harry Schupack there are 230 licensed agents operating in the New Britain territory, of which only 89 are entitled to sell general insurance. The board is investigating reports that some agents whose licenses limit them to life policies are selling other types of coverage.

### Code Discussed by Fairfield

Tells Boston Board Large Producers Naturally Lean Towards Company Point of View in Controversy

Belief that the code filed by the National Association of Insurance Agents represents the point of view, for the most part of producers in the small towns and villages and that the large producer will naturally lean to the companies' side in the code controversy, was expressed by H. G. Fairfield in his presidential address at the annual meeting of the Boston Board.

The companies, he said, are opposed to the provisions of the agents' code, which undertakes to regulate the companies' conduct of the business. He said the companies probably feel the ultimate consequence of the filing would unnecessarily bring the federal government into the regulation of the insurance business.

The companies are now on the defensive, he declared. "The code, as filed," he said, "purports to represent some 200,000 producers and employees interested, the larger number, of course, being the producer of the small towns and villages. Certainly the sympathy of the Washington authorities has been for the forgotten or small man. Consequently it might appear that the National Association of Insurance Agents has forced the issue to the companies, assuming that our business must be coded, which seems probable, considering its magnitude."

### Views Consolidation

Some of the provisions of the code, he said, are practical, while others are Utopian dreams. He said the producers and the members of the Boston board have a strong common interest with their companies and should remain on the side lines for the present.

He expressed the belief that only a single code will finally be permitted for the insurance business and the matter of trade practices and fair competition for both companies and producers will have to be thrashed out in that code.

"I confess," he said, "I do not know what fair competition is. It would seem, however, that anyone who secures

a new line is considered unfair by the fellow who lost it."

A consolidation of all the rate making organizations in New England, including the Boston Board and the New England Insurance Exchange, which has been rumored for some time, was discussed by President Fairfield. Although he is sympathetic with the idea from the standpoint of future economies, he declared the Boston Board must maintain its local influence and insist on continued active participation in specific and important rate problems.

Premiums of the Boston Board companies totaled \$5,700,000 in 1933, a reduction of \$400,000 from 1932.

President Fairfield said over \$1,000,000 in premiums were diverted from the board by the inroads of various associations designed to cope with present day insurance requirements. He criticised underwriters agencies, saying that this dual representation should be discontinued for the best interests of every one.

#### Consider Cooperative Financing

Predicting that financing insurance premiums is probably a permanent practice, President Fairfield invited consideration of a finance company owned and controlled by board members.

Manager W. H. Winkley of the Boston Board reported that a large amount of premiums had been diverted by marine and general coverage forms. It is necessary for the board to maintain its inspection department in spite of lowered income.

#### Adjusters for Assureds Hit

**Retiring Head of New England Exchange Condemns Activities—R. G. Hinkley Elected President**

BOSTON, Jan. 17.—"The adjuster for the assured racket in Massachusetts has reached such a proportion that I feel safe in saying it is one of the causes of the excessive loss ratio," declared C. H. Senter, retiring president of the New England Insurance Exchange, at its annual meeting.

"You all have personal knowledge of cases where five, ten, yes 15 so-called adjusters for the assured, nothing more or less than ambulance chasers, flashing their license from the commonwealth, and in many cases stating they represent all the companies, bombard an assured even before the fire is out with solicitation to represent them on the loss; stating that it would cost him nothing as they, the adjusters, would get it out of the companies, and in a recent case, giving the assured to understand that he could get 100 cents for every 50 cents worth of loss," continued Mr. Senter.

Drastic steps should be taken to counteract this growing cancer, it was stated, and competent special agents should supervise with a company adjuster on every good sized loss.

#### Condemns 60-day Clause

President Senter condemned the 60-day loss payment rule as throwing business to non-stock carriers and as having outlived its usefulness.

Secretary Ralph Sweetland was congratulated on his economies which had permitted a percentage assessment of 1.60 percent in the face of a decline in premiums upon which assessment is made, from \$43,120,000 in 1929 to \$33,292,000 in 1932. On the basis of the 1929 premiums the assessment for 1932 would have been 1.25 percent.

Secretary Sweetland reviewed the achievements of the year, prominent among which were the consolidations of stamping and rating offices in various parts of New England.

Chairman L. G. Fitzherbert reported for the executive committee.

The following officers were elected: President, R. G. Hinkley, New England manager American of Newark; vice-president, W. A. Sturgis, special agent North British & Mercantile; executive

committeemen for two years, L. S. Harvey, New Hampshire Fire; C. L. Allen, Aetna Fire; H. R. Hatch, Royal Exchange.

At the annual dinner Vice-president E. T. Cairns of the Fireman's Fund spoke. Attention was called to Secretary Ralph Sweetland's 40th anniversary with the New England Exchange.

#### Comments on Commissions

**President Hurtzig of the New Jersey Local Agents Association Sends Letter to Members**

W. G. Hurtzig of Morristown, president New Jersey Association of Underwriters, sent to members a letter commenting on the commission situation in that state reading as follows:

"As a result of an investigation, a memorandum was presented to the executive committee of the Eastern Underwriters Association, which evidently disclosed violations of rules in so far as it is not permissible for members or their general agents to pay non-policy writing agents more than 5 points less than is paid to policy writing or recording agents.

"Your officers asked for an explanation of what appeared to be an infraction of the 'Uniform Commission Law of New Jersey.' To this end small and large committees of agents appointed by your president have met several times with committees representing the companies.

"While there is considerable differences of opinion as to whether the law has actually been violated or not, there is evident an earnest attempt on behalf of all concerned to clean up any conditions which might by their very existence again bring up this same question and eventually be the cause of a long drawn out law suit.

"The efforts and meetings are continuing and as a result we hope to find a way to stop the unethical methods practiced by some and to prevent a recurrence."

#### Leather Loss Chief Factor

The National Fire Protection Association says that an analysis of the fire record of Peabody, Mass., reveals that fires in leather working properties have been the principal factor in the very high fire losses which the city has experienced during the past 5-year period. The following table is of interest:

Year	Per Capita Loss	Percent of Loss Occurring in Leather Properties
1928.....	\$ 6.28	7%
1929.....	3.71	35%
1930.....	6.12	35%
1931.....	12.26	58%
1932.....	14.81	56%

#### Seek Oil Burner Measure

GREENWICH, CONN., Jan. 17.—The Greenwich Board is working actively for the adoption of a local ordinance requiring inspections of all oil burner installations. Fire Chief I. M. Hubbard of Greenwich spoke at the board's meeting, urging enactment of such a law, and a committee was appointed to draft recommendations. The board's newly-elected officers, headed by L. F. Whalen as president, were formally installed.

#### Preston Heads Springfield Board

SPRINGFIELD, MASS., Jan. 17.—H. R. Preston, Goldthwaite-Preston-Olmstead agency, was elected president of the Springfield Board at the annual meeting. F. D. Parsons was elected vice-president; E. S. Giles, secretary-treasurer, and William McDonald, Schuyler Eddy and E. J. Dexter, executive committeemen.

#### Bar Debtor-Creditor Plea

BOSTON, Jan. 17.—No opposition was offered at a hearing on two bills of Commissioner M. L. Brown which

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would eliminate the debtor-creditor defense frequently used for larceny of collected premiums. If the bills are passed they will provide a more certain conviction in cases where collected premiums are unduly withheld by agents and brokers.

#### Gets Columbian National

The Columbian National Life has appointed Charles F. Joyce Company general agents for Buffalo and western New York. E. A. Kratzer will be manager of the life department with offices at 126 Pearl street.

#### Smith Heads Fall River Board

G. C. Smith has been elected president of the Fall River (Mass.) Board, succeeding Myer Markell. W. J. Desautels was re-elected vice-president and J. A. Griffins, secretary-treasurer. Directors are Mr. Markell, E. N. Slade, A. L.

Audet, F. X. Perron, A. F. Pimentel and C. H. Durfee.

#### Heaberlin Files Bankruptcy Petition

C. L. Heaberlin, Beckley, W. Va., local agent and president West Virginia Association of Insurance Agents, has filed petition in bankruptcy before the federal court in Charleston. His wife has also filed petition in bankruptcy. Mr. Heaberlin listed his liability at \$40,215 and assets at \$15,000.

#### Eastern Notes

**H. C. Kilmer & Sons**, 11 East Lexington street, Baltimore, has been incorporated by H. C. Kilmer, S. G. Kilmer and H. R. Kilmer.

A week's illness which culminated in pneumonia caused the death of **S. W. Doran**, director of production of J. R. Young & Co., Buffalo.

## PACIFIC COAST AND MOUNTAIN

#### State Insurance Deals Hit

##### Montana Legislative Committee Criticizes Governor, Secretary of State for Methods of Handling Coverage

The manner in which insurance on state property has been handled is criticized in the report of a joint legislative committee in Montana.

The transaction most severely criticized was the cancellation last March 31 of insurance contracts made the preceding September for fire insurance on \$9,366,368 of state property and the award to the Miller Agency of Butte of contracts for \$6,671,391 on the same property on April 28. The report contends that the state is now paying an average three year rate of \$0.851, while under the canceled policies it was paying a rate of \$0.796.

The report stated that the amount of insurance was reduced excessively and there is danger that a full recovery could not be collected in case of total loss. There has been no assurance that the insurance companies agreed that the valuations were the sound valuations of the building and contents.

The report states that \$4,500,000 of this insurance was written with mutual companies on stock company contracts, which is forbidden by Montana statutes.

The committee charged that Charles Miller, Jr., of the Miller Agency, made false affidavit that he was agent for the companies and that his bid on casualty insurance, although higher than that of a Mr. Jacobus, was, through a legal procedure, given preference.

Governor Cooney and Secretary of State Mitchell of Montana were criticized, they being members of the state board of examiners. Attorney-General Nagle was absolved of responsibility, although he was a member of the board of examiners. He is shown to have protested some of the deals.

The Montana house defeated a motion indefinitely to postpone action on the report of the joint committee. The representative who made the motion to postpone action indefinitely declared that the reduced valuation of from \$9,000,000 to \$6,000,000 was merely a matter of business judgment.

#### Utah Code in Effect

SALT LAKE CITY, Jan. 17.—The new Utah insurance code is now in effect and agents, solicitors and brokers must file with the state insurance commissioner all rates, rating plans, coverages and all other charges. The only classes of insurance excluded are malpractice, marine and workmen's compensation.

"We are extremely anxious that the movement to prevent discrimination

shall succeed," said Commissioner E. A. Smith, Jr. "In the case where companies charge excessive rates for insurance, then they are securing too much for the coverage. Where too low rates are charged companies jeopardize the policy contract of the insurer, so that both extremes are harmful. The rules provide that there shall be no discrimination."

#### Los Angeles Reelects Bogy

LOS ANGELES, Jan. 17.—Vernon C. Bogy was unanimously reelected president of the Insurance Exchange of Los Angeles at the annual meeting. Other officers reelected were H. M. McKnight, vice-president; B. F. Hopkins, secretary, and I. O. Levy, treasurer. The executive committee is composed of W. H. Menn, Wallace Miller, S. L. Carpenter, Jr., Lem Bailey, John Topham, E. G. O'Neil and C. Q. Brady.

#### Buckman and Colridge on Trip

SAN FRANCISCO, Jan. 17.—C. T. Buckman, president of the California Association of Insurance Agents, and Frank Colridge, executive secretary, are on a trip through the south Coast territory from Monterey to Santa Barbara where meetings are being held with local association groups. The trip was originally planned for last week but was postponed because of a death in Mr. Buckman's family.

Regional meetings of the association in central and northern California are scheduled to begin Jan. 29. In the southern California similar meetings will begin Feb. 7.

#### File Protest at Los Angeles

The National Fire Protection Association has registered vigorous opposition to the movement at Los Angeles to eliminate or radically cut down the salvage corps of the fire department.

#### Commissioners Confer

SAN FRANCISCO, Jan. 17.—Examination of companies and uniformity of action were discussed at a four-day conference between Commissioners W. A. Sullivan of Washington, A. H. Averill of Oregon and E. Forrest Mitchell of California here.

#### Insurance Taxes Decrease

CHEYENNE, WYO., Jan. 17.—Receipts from taxes collected by the state insurance department of Wyoming in 1933 dropped to the lowest point since 1926, according to a report by Commissioner Theodore Thulemeyer. Taxes netted the department \$111,611 during the year just ended, while publication fees brought in \$5,549 and other fees \$18,895, or a total collection of \$136,055 for the year. The peak year was 1930

## Will Be President



CLARENCE E. ALLAN

Clarence E. Allan of San Francisco, vice-president Fire Underwriters Association of the Pacific, will undoubtedly be elected president at the annual meeting Feb. 6. D. A. McKinley of Seattle is president. The nominating committee has proposed Mr. Allan for the presidency. He is joint manager of the Pacific Coast department of the St. Paul Fire & Marine, Northern Assurance, Royal Exchange, Mercury and other companies.

He has been in the business since 1906, when he became associated with a brokerage office as a clerk. Then he became adjuster for the old Pacific Coast Adjustment Bureau. When it was reorganized he was made manager. In 1918 he was appointed Pacific Coast resident secretary of the Continental. When T. H. Anderson was called to New York as United States manager of the Liverpool & London & Globe, Mr. Allan succeeded him in San Francisco, after which he returned to independent adjusting, specializing on difficult cases. Subsequently he became Pacific Coast manager of the Northern Assurance when that company returned to the Pacific Coast department basis. In 1931 he joined hands with Benjamin Goodwin and formed the managerial firm of Goodwin & Allan.

when the department collected \$127,910 in taxes and other fees boosted the total to \$155,410.

#### New Auto Rate Division

SEATTLE, Jan. 17.—The Washington department has established a separate division to compute automobile fire and theft fleet rates for all companies, with Bert Thurston in charge. Heretofore compilations have been made in the office of the National Automobile Association in San Francisco.

#### Home's Field Men Meet

PORTLAND, ORE., Jan. 17.—W. B. Rasmussen, state agent for the Home of New York fleet in the Pacific Northwest, will hold a meeting of his field men here tomorrow. In attendance will be Keith Rhodes, A. U. Hoteling, C. M. Peterson, Lloyd Beattie and also the special agents for the Franklin Fire.

#### State Fund for Washington

OLYMPIA, WASH., Jan. 17.—A state fire fund was created in a bill passed by both houses of the legislature providing for state insurance on state, city, county, town and school district buildings. The bill is now before a joint conference committee which is considering amendment. Insurance men opposing the bill hold that under the fund the

state will have to pay heavy assessments on its class A building, while school and other buildings are the real fire hazard.

#### Waterfront Rates Reduced

SEATTLE, Jan. 17.—A reduction of approximately 10 percent in fire insurance rates for 88 blocks of Seattle waterfront property is announced by the Washington Survey & Rating Bureau. The Seattle fire department has been brought up to its former strength.

#### New Spokane Officers

SPOKANE, WASH., Jan. 17.—The Spokane Insurance Association has elected officers as follows: J. J. O'Brien, president; Charles Carroll, vice-president; T. J. Meenach, secretary-treasurer. W. S. McCrea, W. L. Berry and B. M. Hay were named executive committeemen.

#### Attorney Watt to Speak

Rolla V. Watt, insurance attorney of San Francisco is to discuss the legal aspects of the fire insurance policy before the Insurance Buyers Association of San Francisco Jan. 25.

#### Pacific Coast Appointments

W. F. Fotheringham, assistant manager Aetna Fire, has been elected a member of Arizona advisory committee succeeding F. H. Farr who resigned following his recent retirement as assistant manager of the Royal. H. B. Tickner, former Pacific Coast general agent is appointed special investigator for the Pacific Board succeeding George A. Cruz, deceased.

#### Van Schaack Has Life Department

Van Schaack & Co., Denver, local agency, has established a life insurance department in charge of R. W. McAnally, who has been a special agent in the ordinary department of the Prudential for a number of years.

#### Coast Notes

**H. H. Lipps**, of Morton-Lipps agency, Lewiston, Idaho, has been selected president of the chamber of commerce there.

**M. E. Gunston**, Tacoma, Wash., has sold an interest in his agency which will hereafter be known as Gunston-Kelley Company, 304 Provident building.

**J. D. Hurley**, special agent for Cravens, Dargan & Fox in the Pacific northwest, accompanied by his bride, is spending some time in San Francisco and vicinity. They plan to return by boat to their home in Spokane.

## Motor Insurance Events

#### Theft Situation Is Improved

Fewer Cars Taken in Detroit Last Year, Stripping Practice, However, Is More Serious

Although, in the last few months of 1933, partial automobile thefts increased considerably in Detroit, insurance people in that city feel that the situation is not out of hand and are gratified at the report of the Detroit automobile squad, which shows there were 497 fewer cars stolen in the city in 1933 than in 1932. Actual number of cars stolen in Detroit in 1933 was 4,474 and the actual number of recoveries 4,062.

Because of the partial theft situation, which became more serious in the last few months of 1933, a theft committee was appointed by the president of the Detroit Association of Insurance Agents. The number of partial thefts insured and uninsured cannot be accurately stated because the complaints received by the police department represent only a part of the thefts com-

mitted, due to the fact that most people do not bother to report thefts of a minor nature.

#### Toledo Association Cited

LANSING, MICH., Jan. 17.—The North American Automobile Association of Toledo, O., is being cited by state authorities to explain why its corporate authorization should not be revoked because it includes certain insurance coverages in its so-called "service" contract, although it is admitted as a foreign corporation through the department of state rather than the insurance department.

Part of its contract has been held by the attorney general to constitute a form of insurance and that the company could

therefore be licensed only by the insurance department.

#### Send Out New Texas Forms

AUSTIN, TEX., Jan. 17.—Companies writing automobile and motor vehicle insurance in Texas are being sent copies of the uniform automobile insurance policies and the 110 prescribed automobile policy endorsements that have been adopted by the Texas board of insurance commissioners. The endorsements cover every kind of automobile insurance written in Texas to date.

It is compulsory that these policies and endorsements be used by all carriers on and after July 1, although they may be used before that date.

### PROSPERITY, DETAINED IN JULY, NOW ON ROAD

(CONTINUED FROM PAGE 3)

many cheaters there are in any trade agreement. When the "chiseling" gets bad the squareshooters are inclined to declare war.

When Gerard Swope finished his term on the code authority last December he offered a proposal that the codes be transferred from government to private hands. Besides its administrative advantages, such a plan would remove the new deal holiness from the brazen iniquities of the worst codes and perhaps lead to getting rid of them.

The seizure of federal reserve gold presents a clue to the course of recovery during the past year. There can be little doubt that the President's monetary policy was all worked out before he took office. It was disclosed to Sir Ronald Lindsay, the British ambassador, who made a hurried trip home to get British cooperation. Plainly he got it and Ramsay MacDonald, the British premier, undertook to handle the European end. MacDonald's economic conference gathered hastily in London. Business picked up all over the world, but especially in this country. Prices rose, steel and other industries got into production and everything went forward on the President's radio pledges to devalue the dollar and stabilize it on gold.

#### Cause Is Shown for Postponing of Stabilization

Then the economic conference broke up, stabilization was postponed, the July break came, and things have been struggling along in a crippled sort of way ever since. What happened? Why was prosperity detoured?

The law for the seizure of the federal reserve gold points to the answer. In the great rush of framing the recovery laws a vital point was overlooked. When the federal reserve banks were first organized all profits went to the government after the member banks holding the reserve bank capital stock had received 6 percent. During the boom, when big business was in the saddle, the law was amended to split the profits 50-50 between the member banks and the government, instead of government taking all over 6 percent.

Seemingly this change that had been made was overlooked by the new administration and its experts in framing its own measures. To give the member banks and their private stockholders the billions of gold profit from devaluation of the dollar was unthinkable. Yet what could be done? Everything that was going forward rested on the miraculous confidence of the country in the President. When the oversight was discovered it was impossible to go back to Congress and say, "Hold on, boys, we missed a trick." That would have broken up the combination. There was only one thing to do. The London conference, which was to reach a world agreement on money, was called off because the United States could not go on with its part. Devaluation and stabilization were absolutely blocked until the present session of Congress, so the gold profit could be taken for the gov-

ernment, which created it, instead of pouring billions into private pockets.

The codes and other measures were brought out to do what was possible while awaiting the fundamental need, which was stabilization.

#### Interrupted Program Can Now Resume Its Course

The interrupted program can now be resumed. The President's message dwelt pointedly on international relationships and the Washington correspondents assume that England will now go along with a joint stabilization at about 60 percent. However, there are recalcitrants in that country as well as here. The further power of the President to go down to 50 cents, and to use \$2,000,000,000 of the gold profit in a money war, are "trading" powers, not really war powers. The British government will no doubt go along with the original agreement, if it is not hamstrung by opposition at home. The "war powers" of the President will intimidate the British opposition, not the friendly British government. This does not mean that the powers are not real or not intended for use.

There is no reason to doubt that devaluation and stabilization will be as the mere promise of them was last June. Anyone who will check the trade graphs showing the ups and downs of market prices and industrial production, comparing trends with the brief history outlined above, will see there is at least outward support for the theories, whatever the inner truth may be.

#### F. & G. Fire, Ending Fifth Year, Sends Newsy Paper

The Fidelity & Guaranty Fire, marking the fifth anniversary of its existence, has mailed to agents a special issue of the "F. & G. Fire News." It contains a message from President Frank A. Gantert, pointing out that most of the Fidelity & Guaranty's life has been in depression years, but it has nevertheless established itself as a progressive and dependable company. During 1933, he reported, the F. & G. made a trading and underwriting profit. It has maintained a safely balanced capital and surplus structure.

Other articles include "Adventures in Selling" by B. Y. Calvert, local agent of Lynchburg, Va., "Inventory Household Effects," "Insurance Aspects of Building Revival," "Facts Not Put into Letters," "A Lawyer Looks at Mutuals," and other features of interest to the producer.

#### Michigan Legislature to Meet

LANSING, MICH., Jan. 17.—Gov. W. A. Comstock has indicated that he will re-submit the matter of liberalizing the workmen's compensation law to the state legislature when it convenes for its second special session about Feb. 15. The governor wishes the law extended to cover occupational diseases. It is

considered probable that a number of insurance matters will be brought to the attention of the governor for inclusion in some of messages to the legislature. At a special session only those topics presented by the governor may be considered. Rating laws for automobile and compensation may be asked and it is almost certain that the lawmakers will be given the opportunity to correct some flaws discovered in the present insurance code.

#### Study Twine, Paper Angle

A committee of three has been appointed by the Western Loss Association to investigate the practices of the adjustment bureaus and how the different forms in the various states provide for the adjustment of losses to twine and paper used in wrapping. The question is whether this material is to be considered as stock or fixtures. The committee consists of T. E. Heald, National of Hartford; John A. Shea, Aetna Fire, and M. D. Looney, Hartford.

#### Adds Three Companies to List

Fred A. Burgess of Vancouver, B. C., British Columbia manager of the Caledonian, Caledonian-American, County Fire and Great American Indemnity, has had the Rochester Underwriters, American Alliance and Great American added to his list, they having heretofore reported to San Francisco. Mr. Burgess reports to the head office in Montreal.

#### Funeral of Mrs. Cooley

Funeral services were held Wednesday for Mrs. Harold H. Cooley, whose husband is a member of the George H. Cooley Agency, Kankakee, Ill. She was 27 years of age. Among those at the services was T. A. Barbee, state agent of the Alliance.

The quarterly meeting of the Wisconsin Fire Underwriters Association was held in Milwaukee with President W. A. Audis presiding.

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### Rossia's German Business Operations Are Criticized

(CONTINUED FROM PAGE 10)

Rossia is liberal, he readily admitted, saying it had been effected 30 years ago, and never modified, attesting the satisfaction therewith of all interested parties.

#### GERMAN SITUATION EXPLAINED

The "United States News" carries a statement of the situation, which caused the Rossia International Corporation to institute proceedings in the German courts for recovery of some \$4,000,000.

It seems that the Rossia set up a holding company in Berlin in 1930 because of demand by the German gov-

ernment that control of the operating insurance companies be entered in Germany. Since that time, the charge is that through the connivance of the German insurance department the holding company is stripped of its assets and the operating companies are entirely in German hands and any obligation to the original investors who furnished the \$4,000,000 in capital is denied.

#### How Steal Was Done

The alleged steal was consummated through a series of transactions by the management board of two large German insurance companies. The management boards were charged with taking possession of all assets which had been pledged for collateral of intercompany loans and assigned it unlawfully to a German bank. Then the allegation is that arrangements were made with a rival insurance group to sell the collateral. Although this was frustrated, the charge is that the German insurance men bought the shares for their own operating companies at a public auction at prices far below the intrinsic value.

The consequence was that the American stockholders have lost nearly \$4,000,000. The German insurance department under the ministry which preceded the Hitler regime approved of the act of the German management board. The statement is made that the present German government feels an injustice may have been done. Under the German civil law, the insurance department of the German government can be sued and recovery can be had against the government itself as well as the operating company.

Charles Denby, Jr., of Philadelphia, is in Germany prosecuting the action.

The Rossia Insurance Company has written off in the valuation of its holdings of Rossia International shares the German investment entirely, and, therefore, whatever recovery the Rossia International should be able to make, would be reflected as an addition to the Rossia's surplus.

### G. D. Gregory Is Elected Great American Secretary

(CONTINUED FROM PAGE 4)

Detroit Fire & Marine, another Great American, as vice-president and secretary of the American National to succeed Mr. Gregory. His underwriting career closely parallels that of Mr. Gregory. He too is a graduate of the head office of the Great American, with which he has been identified 19 years, serving in turn as examiner, special agent, agency superintendent and executive before becoming secretary of the Detroit Fire & Marine Jan. 1, 1931.

### San Francisco Premiums Drop 10 Percent in 1933

(CONTINUED FROM PAGE 6)

1932, and the London, Liverpool & Globe fifth with \$11,785 against \$126,063 in 1932.

Other leaders with 1933 and 1932 premiums respectively, are:

#### Comparative Figure

	1933	1932
North America.....	\$100,512	\$103,673
Continental.....	110,320	130,378
Royal.....	110,079	93,508
Hartford.....	92,286	110,387
U. S. Fire.....	85,861	100,648
North British.....	74,080	43,052
Merchants Assurance.....	70,171	59,336
California.....	67,030	80,189
Millers National.....	60,640	69,279
London Assurance.....	57,776	56,449

The survey indicates that the Firemen's Newark, with premiums of \$80,404 for the last six months of 1933 compared with \$116,390 in the same period of 1932, will lead for the six months period, with the Home in second place with six months premiums \$78,563 compared with \$68,970 for the last six months of 1932.

Other leading companies for the last

six months of 1933, with comparative 1932 six months figures, are:

	1933	1932
Aetna .....	\$60,202	\$62,373
Fireman's Fund.....	57,749	73,284
L. & L. & G. ....	57,605	45,374
Continental.....	55,174	50,573
Royal.....	51,705	51,112
Hartford.....	41,954	51,751
North America.....	41,127	42,873
U. S. Fire.....	40,491	49,329
California.....	33,460	40,589
North British.....	31,205	18,290
Atlas.....	30,783	21,258
Millers National.....	30,091	33,411
Merchants Assurance.....	29,506	23,838

### Illinois Field Forces Hold Big Assemblage at Peoria

(CONTINUED FROM PAGE 5)

most loyal ganders of the Illinois pond. Mr. Bridges and Mr. Mehorter went to Milwaukee Tuesday for a conference with Mr. Helliwell on grand nest affairs. By coincidence, there was a luncheon meeting of the Wisconsin Blue Goose in Milwaukee that day and Mr. Bridges and Mr. Mehorter were the honored guests.

Tuesday evening, in Chicago, a dinner was given for Mr. Mehorter by the Home people in that city. Mr. Bridges acted as toastmaster and there were brief talks by various Chicago officials of the company.

Among the distinguished Blue Goose members at Peoria was W. J. Sonnen, manager at Chicago for the St. Paul F. & M., who is a past most loyal grand gander.

More than 40 new members were added to the Blue Goose tonight. Among them were all of the Western Insurance Bureau members who had not previously belonged. Fire Marshal S. V. Coulter is among the new members. He was formerly an agent at Jacksonville.

John Hon, Firemen, vice-president Illinois Field Club presided at the meeting of that organization, taking the place of President Roy Haser, Ohio Farmers, who is attending the annual field men's conference of his company in Leroy, O. C. W. Ohlsen, assistant western manager Sun, presided at the Blue Goose banquet, he being most loyal gander. Mayor O'Brien brought greetings and D. V. Harrigan, St. Paul Fire & Marine, responded. Brief talks were made by Messrs. Bridges, Mehorter and Helliwell.

### Herdman Amends Order on Floater and Furrier Forms

LINCOLN, NEB., Jan. 17.—Insurance Director Herdman after a two-day hearing on request of Omaha agents that he modify his recent order approving the definition of the insuring powers of marine and transportation companies as set forth in the June convention of the insurance commissioners, has amended his order to permit the writing of personal property floaters and furriers' customers' policies. The agents made a showing that there was considerable public demand for these contracts and they were not available to the public through specific coverages written by fire or casualty companies.

Furriers' customers' certificates will continue to be issued in Nebraska under a method similar to that approved by the Iowa commissioner, the certificates having to be countersigned by resident agents.

A. C. Charles of New York, attorney representing the Inland Marine Underwriters Association, was present at the hearing. It was reported there will be further hearing on the personal property floater form.

#### Discuss Collections

Collections and other problems in the fire field were discussed at the Michigan Fire Underwriters Association meeting in Detroit.



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# The National Underwriter

January 18, 1934

CASUALTY AND SURETY SECTION

Page Twenty-nine

## Lloyds Is Barred in South Dakota

Bank Superintendent May Not Accept Bonds of London Underwriters

## OFFICIAL RULING GIVEN

Attorney General Construes the State Laws to Prohibit Patronizing Alien Operators

**PIERRE, S. D., Jan. 17.**—The state banking commission ignored the opinion of Attorney General Conway as to acceptance of London Lloyds on surety bonds for bank officials and for burglary insurance. The bank commission decided it has authority to accept and approve bonds of Lloyds, which have been presented by various banks.

Another blow has been struck at London Lloyds, this time in South Dakota, the attorney general ruling that the superintendent of banks may not approve Lloyds fidelity bonds, covering bank employees.

In South Dakota there is a law requiring fidelity coverage to be provided for each officer and employee of a bank having access to or care of funds and assets. The fidelity bond must be in such amount and in such form as fixed by the state banking commission. Such bonds must be accepted by the board of directors of the bank and filed in the office of the superintendent of banks.

### Must Accept the Bond

The attorney general holds that this provision in the new law makes it mandatory upon the board of directors of the bank to accept the bond if and when it has been approved by the superintendent of banks. The law providing for a surety company bond prohibits the acceptance of a Lloyds' bond because Lloyds is not a surety company, according to the attorney general. The superintendent of banks must not approve any bond that has been written in violation of the state law.

The attorney general delivered his opinion in response to a question from Commissioner Dawson whether the superintendent of banks should be permitted to accept these bonds and what action should be taken to stop the operation of Lloyds if the policies are being illegally written. He informed the attorney general that a number of the banks in the state are covering their officers with Lloyds policies. He also said Lloyds are covering certain other risks in the state such as bank holdup and bank burglary.

The attorney general cited the law prohibiting the issuance, delivery, etc., of policies in any company not legally authorized in South Dakota and providing that any person who buys unauthorized

(CONTINUED ON PAGE 34)

## Health Cover Restricted

Few Important Stock Casualty Companies Write Line Save With Personal Accident on Account of Losses

NEW YORK, Jan. 17.—Health insurance, never in special favor with casualty companies, is perhaps less esteemed today than ever before. Not a single important stock company, so far as is known, is willing to write the business save in conjunction with its personal accident contracts, and even then, applications for health coverage are scanned with the utmost care.

When it is appreciated that in the seven years, 1926 to 1932 (inclusive), companies writing health insurance, upon an aggregate premium income of \$119,133,103 sustained underwriting loss of 2.5 percent, the unwillingness of company officials aggressively to seek the line is easily appreciated.

### Sharp Restriction Favored

In the opinion of underwriters who have faithfully followed the development of health insurance over a period of years, the indemnity should be sold only to salaried men, persons who would suffer loss of income and perhaps even their positions, if they were laid up unnecessarily long. On the other hand, men holding executive posts or

those engaged in seasonable occupations, it has been demonstrated time and again, are only too prone to seize opportunity to be laid up at some desirable summer or winter resort for a considerable period, when they realize the company behind their health policy will foot the bill. Assured of this type are never niggardly in their estimates as to medical, hospital or other expenses, whereas the average salaried man suffering perhaps from the same ailment would content himself with a home remedy, supplemented by a few days rest.

### Nationality Is Important

Another important factor to be reckoned with in health insurance is the nationality of the applicant. If he be of the Latin race, he is more apt than not to be of a highly nervous temperament, and undesirable on that account. Men of the Nordic strain on the other hand are a preferred class by and large. Their generally stronger physique and more equitable temperament constitute an appeal that justifies granting coverage, other underwriting considerations being equal.

## Virginia Official Declares Beha Statement Misleading

RICHMOND, Jan. 17.—G. A. Bowles, Virginia superintendent of insurance, has taken issue with James A. Beha, manager National Bureau of Casualty & Surety Underwriters, in regard to the statement credited to Mr. Beha, appearing in insurance publications, that "the companies are of course greatly concerned when state authorities not only decline to give them adequate rates but insist that reduced commissions be paid the agents."

The statement had reference to the action of the Virginia corporation commission in ordering recently a reduction in automobile liability and property damage rates and in ruling in the order that expense loading of 25 percent for commissions was excessive and should not exceed 20 percent. Superintendent Bowles wired Mr. Beha last week that his utterances were "misleading" if he had been correctly quoted.

In discussing the matter, Superintendent Bowles, whose department is under supervision of the commission, voiced the opinion that the commission would approve any commission the companies might see fit to pay Virginia agents but he said that the allowance for acquisition cost cannot exceed the amount stipulated in the order for the purpose of arriving at a final rate.

### Bishop Syracuse President

K. A. Bishop, Glens Falls Indemnity, has been elected president of the Casualty & Surety Club of Syracuse, N. Y. Vice-president is R. J. Heinemann, Aetna Casualty, and secretary, J. O. Gilbert, London & Lancashire Indemnity.

## Mead Advocates English System

Endorses Retrospective Rating and Lower Commissions in Compensation

## MESSAGE TO THE AGENTS

Glens Falls Indemnity Vice-President Says Life of Compensation Business Is at Stake Today

The English system of writing compensation insurance is endorsed by Vice-President G. D. Mead of the Glens Falls Indemnity in a communication to agents, prompted by the withdrawal from the compensation field of the Commercial Casualty and Metropolitan Casualty.

In England, the conference companies have an agreement with the government to return to policyholders upon renewal all savings represented by the difference between an expected loss ratio of 62.5 percent and the actual loss ratio on that business.

### Assessment Is Provided

The English agreement also provides for the assessment of policyholders upon renewal in the event that the actual loss ratio exceeds 62.5 percent. In consideration of this agreement, Mr. Mead points out, the companies are given a free hand in fixing rates, and in actual practice the necessity of levying an assessment has been avoided by the simple expedient of using redundant rates.

Under the agreement, 37.5 percent of the premiums is set aside to meet expenses and the remaining 62.5 percent to meet losses. At the end of each year an accounting is made based upon the combined experience of all members of the Accident Officers Association. The refund is calculated by comparing the actual loss ratio as developed from the combined experience with 62.5 percent. The difference between these two loss ratios represents the percent of premiums to be returned to policyholders upon renewal. The actual rate of return allowed by members of the Accident Officers Association since this plan has been in effect has been: 1923, 7.12 percent; 1926, 8.06 percent; 1927, 5.35 percent; 1928, 10.87 percent; 1929, 7.85 percent; 1930, 9.50 percent; 1931, 10.37 percent; 1932, 14.32 percent; 1933, 13.16 percent.

### Commission Scale Graded

The commission scale on this business is graded from 10 percent down to 2½ percent, the average being a little less than 8 percent.

Mr. Mead points out that the plan works automatically and causes policyholders to watch their safety work.

The English plan is compared with the tortuous system in this country by which 48 states have different regulations and viewpoints.

The failure to correct the situation in (CONTINUED ON PAGE 34)

## Defects Detected in 75% of Cars in Extensive Survey

STUDY BY NATIONAL BUREAU

Faulty Lights, Unsafe Tires and Brakes Leading Offenders—Nearly 23 Million Autos Checked

NEW YORK, Jan. 17.—The National Bureau of Casualty & Surety Underwriters in an automobile inspection study covering 22,702,000 cars in 42 states found that no less than 75 percent of the machines had defects, more or less serious, but each increasing the hazards of driving. Three-fourths of the cars surveyed were found lacking "either in adequate brakes, lights, horns, steering mechanism, windshield wipers, rear vision mirrors or safe tires" as a result of carelessness on the part of their owners.

### Same Percentage in All States

"A study of the statistics," according to J. J. Hall, director of the street and highway safety division of the bureau, "shows that about the same percentage of defects are found in each state, the results of the inspection in Pennsylvania last October, revealing that of 1,413,317 automobiles checked, 1,054,430 or 74.7 percent had some defect which had to be remedied or replaced."

Reduced to percentages, disclosed defects were as follows: In windshield wipers, 4.10; steering mechanism, 8.1; brakes, 39.3; lights, 70; and tires, 50.6.

Motor vehicle inspections, voluntary in many states, are obligatory in eight, Pennsylvania, New Hampshire, Maine and Virginia requiring two inspections each year. If similar legislation were enacted and properly enforced in all states of the Union, the number of motor accidents would undoubtedly be reduced materially.

## Concord Casualty Deficit, Poor Management, Claimed

NEW YORK, Jan. 17.—Because of conditions revealed in affairs of the Concord Casualty & Surety as alleged in a department examination, Superintendent Van Schaick applied to the supreme court for an order turning the company over to the department for liquidation. Impairment in capital and certain poor managerial methods were alleged.

Pending final decision the court suggested the company cast about in an endeavor to raise additional funds. A conference upon the subject is to take place at the department office today. A further court hearing is scheduled for Jan. 19. Meantime the department is exercising joint control over assets and disbursements. A representative of the department is signing all company checks in his individual capacity. The department, however, has nothing to do with the underwriting policy.

### Report on Mutual Casualty

The Illinois department in its examination report of the Life & Casualty and Mutual Casualty, both of Chicago, instructs them to cancel their exclusive agency contract with the Life & Casualty Agency Company. It is deemed non-essential. The Mutual Casualty writes accident and health insurance and the department says it is conservatively managed by men of experience, who devote their entire time to it. All claims are given careful consideration and settlements are promptly made. The cash position indicates it has sufficient surplus for all contingencies. The Life & Casualty also is given a clean bill of health.

## G. D. Newton of Travelers on Important Mission



G. D. NEWTON

G. D. Newton of the publicity and advertising department of the Travelers has been appointed by the Secretary of Commerce at Washington a member of the new committee to bring up to date the uniform vehicle code of state laws and model municipal traffic ordinances. Mr. Newton was formerly a member of the faculty of the University of Indiana and joined the Travelers six years ago. He has done a large amount of research, especially on automobile accidents. Mr. Newton has done some excellent constructive work in connection with the Travelers, which has brought him many compliments.

### Refund Allowed Old Company

The Internal Revenue Bureau at Washington has allowed \$30,400 refund for over assessments of income taxes in 1925 and 1926 against the United States National Life & Casualty of Chicago. The company was taken over by the Washington National of Chicago.

## Travelers' Auto Death Figures

HARTFORD, Jan. 17.—The number of persons killed in automobile accidents in this country last year is estimated at around 29,900, exclusive of motorcycle accidents, it has been determined by the Travelers on the basis of preliminary reports received from more than a majority of the states. This loss of life compares with 29,196 in 1932 and is an increase of around 2.5 percent. The number of automobile accidents last year is estimated at 750,000 and the number of persons injured at nearly 850,000. The gain in fatalities per accident amounted to 5.9 percent, and the number of injuries per accident increased 2.2 percent, while deaths and injuries combined per accident increased 2.4 percent.

The gain in automobile accident fatalities as well as injuries per accident for last year occurred despite an indicated drop of 1.6 percent in the total number of motor vehicles registered and a decrease of nearly 2 percent in the consumption of gasoline by motor vehicles.

### Data by Divisions

By geographical divisions it is shown, on the basis of available figures, that automobile accident fatalities increased 6.8 percent in the New England states, 5.2 percent in the east south central states, 2.8 percent in the west south central; 8.7 percent, mountain states; 12.8 percent, west north central; 2.2 percent, south Atlantic, and just under 1 percent for the Pacific coast states. De-

## San Francisco Retailers in Report on Liability Rates

### READJUSTMENT BEING SOUGHT

Dry Goods Men Submit Data to Their National Group and National Casualty Bureau

SAN FRANCISCO, Jan. 17.—All data collected by the Retail Dry Goods Association of San Francisco in regard to public liability rates for stores resulting from the study made by that organization has been compiled in an exhaustive report and submitted to the National Retail Dry Goods Association for further study and consideration.

The report reveals the attitude of companies, agents and brokers as well as the committee representing the dealers in an effort designed to bring about a uniform standard of practices with the ultimate result of reducing frequency and cost of claims and thereby liability insurance rates.

### Ask Company Cooperation

In the report the dealers admit their own shortcomings and ask co-operation of companies in aiding their association to obtain remedial interest by all assureds. The report also reveals an effort to give the California Casualty Association autonomy as regards retail public liability experience and rates.

It is understood this matter has been presented to the National Bureau of Casualty & Surety Underwriters with the idea of bringing about a nationwide readjustment.

### Amendments to Be Offered

NEW YORK, Jan. 17.—To deal with anticipated changes in underwriting practice because of the adoption of schedule rating, several amendments to the constitution of the Compensation Insurance Rating Board of New York State will be submitted at the annual meeting here Jan. 25. In addition, the annual report of General Manager Leon S. Senior will be presented and two members to serve on the governing committee in succession to the Royal Indemnity ad Interboro Mutual, whose terms will expire, will be elected.

## Claims Involving Eye Injuries Are Often Bothersome

An interesting review of eye injuries and claims arising from such injuries was given at the January meeting of the Chicago Claim Association by Dr. Sanford R. Gifford, an eye specialist associated with Northwestern University.

In handling eye claims, he gave as the first question which must be decided: Is the condition due to the injury? He pointed out that impairment of vision is due in many cases to congenital defects, which can usually be discovered by expert examination, particularly if there is a difference between the two eyes. It may also result from previous injuries or disease. In cases showing a history of syphilis, a very slight injury to the eye may set up an inflammation which will result seriously. In those cases there is, of course, a question as to whether the injury was the cause of disability. Court rulings on this point vary, but there have been many cases, he said, where liability was held to exist. One requisite to the establishment of an eye claim, he added, is that there must be objective evidence of injury.

### Immediate Treatment Needed

He emphasized the need for immediate and expert treatment to forestall the possibility of corneal ulcers, which are especially likely to develop when an eye injury is not cared for promptly. Immediate action also is necessary where there seems to be any danger of sympathetic ophthalmia, a condition in which, following injury to one eye, the other is also affected. He said that this condition does not develop in 1 percent of severe eye wounds, but needs to be watched closely. Cases of detachment of the retina were also classed among those that are difficult to handle. Cataract is comparatively easy to treat, through operation and removal of the crystalline lens, but because of the strong glasses required the patient cannot use that eye with the other one and may therefore be held to have lost the sight of an eye.

In estimating visual disability, Dr. Gifford said three points must be considered: (1) Central vision, the extent of which is determined by the usual chart tests; (2) the field of vision—how far a person is able to see on either side, up or down, without moving the eyes, and (3) possible injuries to the eye muscle, which will prevent full movement of an eyeball in one direction and therefore cause double vision in that field.

### Malingering Usually Detected

In discussing malingers, he said most of them claim loss of vision in only one eye, in which case the fraud is usually rather easy to detect, and described the tests used in that connection. Where both eyes are alleged to be involved, malingering is much more difficult to discover.

As to the time when settlement should be made—when it can be determined that no further improvement is likely—he said a committee of the American Medical Association held that in no case could conditions be regarded as definitely settled until three months after all objective symptoms had disappeared. In the case of injury to the optic nerve or crystalline lens, it fixed the time as from 12 to 18 months. His own recommendation was for a 12-month limit on corneal scars.

### C. A. Craig Appointed Director

C. A. Craig, chairman of the board of the National Life & Accident, has been appointed a director of the Federal Home Loan Bank of Cincinnati, one of the largest of the 12 regional banks. Mr. Craig is one of the outstanding insurance men of the south.

## Definite Law on Occupational Disease Risk Recommended

### COMMITTEE MAKES REPORT

All-inclusive Liability Statute Might Ruin Business by Excessive Costs, Is Conclusion

Enactment of an all-inclusive occupational disease law might not only make the cost of workmen's compensation prohibitive but also make the risks uninsurable, a conference committee of five reported in New York to the Compensation Insurance Rating Board after a study of the occupational disease situation. Leon S. Senior, manager of the bureau, is chairman ex-officio of the committee. The other members are R. N. Caverly, Fidelity & Casualty; J. W. Cronin, Liberty Mutual; O. G. Smith, State Insurance Fund; Charles Deckelman, Travelers, and J. L. Train, Utica Mutual.

An all-inclusive clause would breed speculative and wasteful litigation, create doubt and needlessly increase the burden on industry, whereas the definite schedule gives a fixed basis upon which industry and the casualty companies can count. To add silicosis and possibly asbestos to the present schedule of occupational diseases would be a change of major importance which, however, would not improve matters unless surrounded by proper safeguards and limitations. Proper preventive and medical provisions should be made.

#### Recommendations Are Made

Any additions to the list of occupational diseases covered should not be retroactive but should become effective as to liabilities thereunder not less than two years after enactment. Compensation thus provided should be the exclusive remedy for such injuries by accident or disease arising out of the employment.

There should be a provision reducing compensation equitably where disablement or death from disease of ordinary life is merely aggravated or accelerated by silicosis. Since occupational diseases in general and silicosis particularly are progressive and recurring, two questions arise:

At what point of time does liability for compensation begin? Which employer or insurance carrier, assuming more than one, shall be liable?

#### Definite Schedule Preferable

The committee believes compensation should start from the time of actual disability. Practically it is recommended that recourse shall be had to the employer for whom the employee was working when last injuriously exposed to substantial hazards of the disease, subject to a fair limitation of time in which to file claim. With a statute containing a definite schedule of occupational diseases, amended to include silicosis, etc., subject to safeguards outlined, the increased cost of compensation though serious in some occupations, might perhaps not be prohibitive if employers would use the most thorough preventive measures.

#### Reid with Standard Accident

Edwin J. Reid, assistant manager of the casualty department for Fred S. James & Co. in Chicago, has joined the Standard Accident in that city as chief casualty underwriter. He takes over the duties of J. C. Brown, who is being transferred to the San Francisco office of the Standard Accident as manager of the casualty department.

Mr. Reid has been connected with Fred S. James & Co. 12 years. He started in the business with the Critchell, Miller, Whitney & Barbour agency in Chicago, being connected there 12 years.

## Fetzer to Give Full Time to the Alexander Agency

### RESIGNS COMPANY POSITION

Gives Up the Vice-Chairmanship of the Board of the Fidelity & Casualty

At the annual meeting of the Fidelity & Casualty in New York City this week, Ernest Sturm, chairman of the board, announced the retirement of Wade Fetzer of Chicago as vice-chairman, stating however, that he would continue as director of both that company and the Fidelity-Phenix Fire of the America Fore group. Mr. Fetzer stated that he desired to give all his time to W. A. Alexander & Co. of Chicago, of which he is the head. It has been necessary for him to take a week off each month and go to New York for board meetings of the F. & C. and these have been very exacting. When Mr. Fetzer was made president of the Fidelity & Casualty, he still kept up his connection as head of the Alexander agency and the work was so onerous that his health became affected. He then was elected vice-chairman and was relieved of the more arduous duties.

#### Became President of the Company

When the Fidelity & Casualty was purchased by the America Fore group, the officials demanded an outstanding, nationally known casualty and surety business getter and production builder. Because of his prominence in the insurance world and long association with the Fidelity & Casualty as its leading producer and head of its largest agency, Mr. Fetzer was prevailed upon to take the presidency. To carry on dual responsibilities in cities a thousand miles apart meant naturally a very heavy physical strain. He felt, therefore, the time had arrived when without embarrassment to the F. & C., he could retire as an official. Mr. Fetzer is a born leader and as president and later as vice-chairman of the Fidelity & Casualty, his work was of a permanent order. He will still be available for counsel.

## Sargent Named New England Manager of Employers Group

Frank O. Sargent of Boston has been appointed resident manager of the New England department of the Employers Liability group to succeed H. F. Morse, recently deceased. Mr. Sargent is a native of Chelsea, Mass., and has been with the Employers since 1904, working his way up through all the grades of the United States branch. He is a director of the Insurance Society of Massachusetts and active in the Insurance Brokers Association and the Massachusetts Casualty Underwriters Association.

## Detroit Office Closed

The joint branch office of the Phoenix Indemnity and the London Guarantee in Detroit, of which L. J. Januzzi was manager, has been consolidated with the Chicago office under Kyle E. Simpson, who will cover Illinois, Iowa, Indiana and Michigan out of Chicago. Mr. Simpson was recently transferred from Indianapolis to Chicago.

Mr. Januzzi is president of the Central Agency. He was associated first as general agent and later as branch manager with the Phoenix since 1928. In 1930 when the operations of the Phoenix Indemnity and London Guarantee were consolidated he became field supervisor for the latter company. Raymond & Raymond have been general agents in Detroit for the London Guarantee for many years.

## Resigns as Vice-Chairman of Fidelity & Casualty



WADE FETZER

Wade Fetzer of Chicago, head of the W. A. Alexander & Co. agency, has resigned his company position as vice-chairman of the Fidelity & Casualty so that he can give all his time to his local business.

## Fidelity & Deposit's Year

### Annual Statement Shows Improvement in Spite of Losses Due to Bank Failures

BALTIMORE, Jan. 17.—Gross premiums written by the Fidelity & Deposit last year totaled \$12,793,264, increase \$31,373 over 1932. The net premiums after reinsurance amounted to \$10,292,324; increase of \$38,500, C. R. Miller president, reported at the stockholders meeting. Despite a large underwriting loss due to failure of banks and other companies the operating losses for the year were only \$82,657 compared with a loss of \$268,261 in 1932. These losses totaling \$1,535,904 have been charged off the books, with the exception of the \$230,000 cash in suspended banks which represents the capitalization of prospective salvage and will be available before the end of the year, Mr. Miller reported. Net losses for the year were \$6,333,923 compared with \$6,776,394 in 1932, while the net underwriting loss was \$1,002,555 against \$1,352,053 the year before.

The balance sheet shows total assets of \$17,170,268 including cash, government, state and municipal bonds which are carried on the books at actual market values, \$450,062 having been charged against surplus to adjust the securities on actual market values as of December 30, 1933. The surplus totaled \$1,520,737 and the surplus to policyholders is \$3,920,737.

## No Ruling on License Law

COLUMBUS, O. Jan. 17.—The attorney-general of Ohio has not yet handed down an opinion on whether or not the new law making it obligatory for agents of domestic casualty companies to be licensed, is retroactive. The new law was passed at the recent session of the legislature, after it had been pointed out that the old law provided that names of agents of domestic casualty companies need merely be certified to the state department of insurance. A case in which the same issue is involved is pending in the Franklin county courts and it is understood that the attorney-general will render no opinion on the question until the court has handed down its ruling.

## Develop Fictitious Fleets in Detroit; Agents Aroused

### RULING BY COMMISSIONER

Gauss Renders Strict Interpretation of Fleets—Held Violation of Anti-discrimination Law

DETROIT, Jan. 17.—Detroit casualty agents are up in arms against two of the larger local agencies that are said to have negotiated large fictitious fleet contracts of late. One case covers a chain grocery group. The agent handling the fleet is said to have inspired a communication sent to the company's employees suggesting that they cover their own cars under the company's fleet policy.

A large motor car manufacturing company, an oil burner and automobile axle factory, a public utility and others are reported to have closed arrangements for fleet coverage in which the master policy is issued to the company and endorsements are given to individuals covering their private cars. This practice has resulted in the cancellation of numerous individual policies in Detroit, agents say. The "bait" held forth to the employees is a 25 percent discount from standard rates.

#### Gauss Gives Ruling

A Detroit general agent doing a large automobile business with local agencies in this territory communicated with Commissioner C. E. Gauss and received the following ruling on fictitious fleets: "The writing of insurance covering automobiles of relatively the same hazard at variable rates is contrary to the statutes of the state of Michigan and violates the anti-discrimination law. Further, such deviation from legitimate practices brings an insurance company into conflict with the legal requirements of the Michigan statute that such company must be safe, reliable and entitled to public confidence. Variation in rates charges for like risks by any automobile insurance company will be regarded by this department as discriminatory and wholly illegal."

"This ruling is found necessary on account of the entire disregard of proper practices by many companies in the writing of so-called 'fleets.' A bona fide automobile fleet is hereby defined as five or more automobiles or trucks owned and operated by an individual, partnership or corporation, with the exception that a car or truck privately owned but used in the business of an individual, partnership or corporation may be included in a fleet, for liability and property damage only, provided the premium is paid by such individual, partnership or corporation. Compliance with this ruling is mandatory."

## S. H. Butler Returns to Hartford

S. H. Butler has been appointed special agent in the San Joaquin Valley territory for the Hartford Accident with headquarters in Fresno, Cal. He is a brother of R. H. Butler, assistant Pacific Coast manager. S. H. Butler was with the Pacific department office until May, 1932, when he established a local agency at San Rafael, which he is relinquishing to accept the San Joaquin Valley appointment.

## Fisher Returns to Baltimore

M. P. Fisher, assistant manager of the Chicago office of the United States Fidelity & Guaranty, is returning to Baltimore the first of the month as assistant manager of the city branch of that company. Mr. Fisher was formerly connected with the head office and was assigned to Chicago in 1924 as head of the surety department. He was made assistant manager in 1928 and is highly regarded as a surety underwriter.

## CASUALTY ASSOCIATION NEWS

### Cippler Head of Claim Group

**Travelers Man Named President of New Jersey Association at Its Annual Meeting**

NEWARK, Jan. 17.—At the annual meeting of the New Jersey Casualty & Utilities Claim Men's Protection Association, Frank Cippler, Travelers, was elected president. Other officers are: Vice-president, H. B. Kiefer, Century Indemnity; secretary, William Kearns (reelected), Liberty Mutual; treasurer, E. I. Bell (reelected), New Jersey Telephone Co.

There was considerable discussion of the recommendations which the association plans to submit to the National Bureau of Casualty & Surety Underwriters on the workmen's compensation situation. It was decided to discuss the matter more fully at the next meeting and draft them into a form which can be acted upon by the National Bureau.

A vote of thanks was given B. J. Mackey, Bankers Indemnity, the retir-

ing president, for his work the past two years.

### New Jersey Nominations

NEWARK, Jan. 17.—The following officers have been nominated for the Casualty Underwriters Association of New Jersey: President, E. H. Babage, Bankers Indemnity; vice-president, E. C. Graff, General Accident; treasurer, H. D. Meyer, Glens Falls Indemnity; secretary, Joseph Comerford, Maryland Casualty.

It is expected that of the committee appointed by President Schaefer to investigate the pay roll situation, of which Henry Reardon is chairman, will report.

### Fuld Heads Utah Group

SALT LAKE CITY, Jan. 17.—Sidney Fuld, Salt Lake City, district manager, Fidelity & Deposit, was elected president of the Casualty & Surety Underwriters' Association of Utah at a meeting here, succeeding O. E. Vombaur. Other officers chosen were Frank Whitney, H. J. Grant & Company, vice-president, and J. A. Rogers, Jr., Rogers

Evans Company, Salt Lake City, secretary-treasurer. Mr. Rogers succeeds Ralph Wimmerbloom, Salt Lake City.

### Jones Is Oklahoma President

OKLAHOMA CITY, Jan. 17.—Neville Jones, surety and casualty manager for the T. E. Braniff Company, was elected president of the Surety & Casualty Association of Oklahoma; Herman Roleke, vice-president, and Herbert Heiman, secretary-treasurer. Eugene Whittington and Leslie Williams, retiring president, were reelected directors.

### Sell Public Indemnity's Bonds

MONTGOMERY, ALA., Jan. 17.—Fifty thousand dollars of Missouri Pacific Railroad bonds deposited with the state insurance department by the Public Indemnity have been sold to the First National Bank of Montgomery, acting as agent, to satisfy judgments held by the Bank of Tuskegee, Ala., acting as guardian for various wards. The bank had indemnified with the Public Indemnity which failed shortly after the Bank of Tuskegee failed.

**W. C. Riley** has been appointed Ontario manager by the Canadian Indemnity, succeeding R. T. Robinson, who recently joined Mitchell & Ryerson of Toronto.

## PERSONALS

**Sam C. Carroll**, assistant to the president of the Mutual Benefit Health & Accident and one of the big figures at the home office of that company, has been elected president of the Optimist Club of Omaha.

A farewell party was given **Mrs. M. G. Closser** by the Seattle Accident & Health Club, prior to her departure for California. She has been manager of the accident and health department of the National Casualty there for a number of years and secretary of the Seattle club for the past three years.

**H. H. Burdick**, who retired last summer from the service of the Travelers, after having been connected with that company for 34 years, died at his home in Hartford at the age of 59. He was in charge of New England underwriting of liability and compensation for the Travelers. After graduating from the Massachusetts Institute of Technology he entered the insurance business.

**A. E. Johnson**, Louisville, Ky., local agent, has been appointed by Secretary of Commerce D. C. Roper to serve on a committee that will endeavor to work out uniform traffic laws and ordinances for the purpose of promoting better traffic conditions and safeguard the public on streets and highways of the country. The first meeting is being held in Washington this week.

**T. E. Braniff**, president of the T. E. Braniff Company, Oklahoma City, has been appointed a member of the national code committee for the air transport industry. He is also president of the Braniff Airways.

**Paul H. Boring** of Albany, N. Y., 50, died of heart trouble Sunday. He was resident manager of the Fidelity & Casualty. He became a special agent of the Fidelity & Casualty in Pittsburgh in 1905 and in 1910 was made manager of the Montreal office. Ten years later he returned to Pittsburgh as associate resident manager and in 1923 assumed charge of the Albany office. Funeral services were held at his birthplace, East Liverpool, O.

**Hal H. Smith**, former president of the Central West Casualty and Wayne Surety, heads a group of second mortgage holders who took over ownership of the Union Guardian building, one of the largest Detroit downtown office buildings and a center for life insurance agencies, last week. The deal was made with Alex Groesbeck, president of the Michigan Life and receiver for the Guardian Detroit Union group.

### Commercial Casualty Suit Up

There have been numerous delays in the suit brought by the Commercial Casualty against Smith-Lawson-Coambs Co., former general agents in Chicago, but the case is definitely set for Jan. 29 in the superior court at Chicago. Henry Ferncase was the original attorney for the Commercial Casualty but he was retired and Attorney John A. Bloomington has taken his place. The case was called for Monday of this week, but Attorney Bloomington maintained that he was not sufficiently acquainted with the details to proceed and another continuance was allowed. The Commercial Casualty sued Smith-Lawson-Coambs Co. originally for \$10,000 which it claimed was due for balances. Smith-Lawson-Coambs later on demanded particulars and a statement was made up for the firm. Later the firm filed a set off in the case, claiming that the Commercial Casualty owed it \$10,000. There are a number of items in

# NATIONAL SURETY CORPORATION

VINCENT CULLEN  
President

*Financial Statement—December 30, 1933*

### ASSETS

Cash		\$ 1,600,852.34
*Bonds	\$ 5,066,156.00	
*Stocks		
Preferred or Guaranteed	779,600.00	
Common	151,198.00	5,996,954.00
Premiums in Course of Collection		1,642,000.61
First Mortgages and Real Estate		655,773.15
Accrued Interest and Rents		89,273.47
Accounts Receivable		324,168.95
Home Office Building		1,000,000.00
		<b>\$11,309,022.52</b>

### LIABILITIES

Reserve for Unearned Premiums	\$ 4,107,807.46
Reserve for Claims	1,159,206.44
Reserve for Commissions and Expenses	533,832.91
Reserve for Overdue Premium Accounts	208,288.13
Reserve Paid-In for Claims and Other Contingencies	1,299,887.58
Capital	1,000,000.00
Surplus	3,000,000.00
	<b>\$11,309,022.52</b>

\*These amounts represent the actual market quotations as of December 30, 1933.

## Year's Losses Off Quite Materially

(CONTINUED FROM PAGE 3)

concerns were not running full time and therefore the hazard was materially reduced. Where a concern is running full blast there are the natural working hazards.

There has been in the minds of everyone the thought that when President Roosevelt decided definitely on his monetary policy, there would be a demonetization of the dollar or some form of inflation and prices would increase. Therefore, it might be far more advantageous from a strictly mercenary standpoint to hold on to one's material goods rather than to see them burned. This undoubtedly had the effect of holding back those in a mind to cash in on their insurance.

Some executives maintain that the delay in paying losses, taking advantage of the 60-day loss clause has had great effect. Others deny this but it was a coincidence, if nothing else, that when the companies did put this into effect, the loss ratio immediately began to be reduced.

### Effect of Fire Prevention Movement

There have been many fire prevention movements of various kinds and these must have an effect. These various activities have been carried on during the time of depression without diminution.

Companies have been more exacting in their underwriting and inspections in the effort to reduce losses. This has had an effect. With less interest returns, the underwriting department has been called upon to contribute more to the results of the year.

The dwelling house losses in 1933 dropped down to an almost normal percentage again. Apparently the moral hazard was pretty largely exhausted in 1931 and 1932. This improvement in the dwelling record made a big difference for many companies. For instance, one company which writes probably more than an average percentage of dwelling house business, reported that in 1932, 45 percent of its losses were on the dwelling class. Last year the percentage had dropped back to nearly the normal 25 percent.

## Brokers Launch Attack on Code

(CONTINUED FROM PAGE 3)

ance buying, and to eliminate branch offices.

A code would put control of the business into the hands of a multiplicity of local code committees, consisting of local agents, the statement declared.

The agents cannot maintain they are not seeking to regulate the insurance business by this code, the statement asserts. If any single group can entirely control the production end of the business, they have succeeded in controlling the companies.

The brokers go on to say it is inconceivable the government will approve a code for any one group and seek to regulate other groups without their approval or against their wishes.

### Fundamental Objection

"It is possible," the statement declares, "that the government will demand one code for the insurance business and either get a satisfactory draft written by the companies or write their own, which the agents may find very unsatisfactory. It is possible the state insurance departments will find themselves in competition with the federal government in regulatory procedure."

The statement asserts: "The fundamental objections to the agents' code voiced by brokers go far beyond the first indignation expressed at the presumption of the agents in writing bro-

ers into their codes. Perhaps there have been other actions as high handed as this in the insurance business, but certainly not within the memory of the present generation.

"It would seem to have been an extremely short-sighted policy that dictated the attempt to railroad regulations over the direct representatives of the public. The code, as now written, does more than merely regulate, it contains provisions that eventually would eliminate the broker entirely except as a subsidiary function of the local agent."

### Mutuals Are Prepared

The mutual companies and the brokers are reputed to have pretty definitely agreed upon their respective lines of procedure, as to the code, though each is giving the subject further study, intending to strengthen the arguments it will use before the NRA authorities.

From the reported increasing interest given the proposed code by state commissioners, the assumption is a number of the states, either individually or collectively, will be prepared to submit briefs, opposing the filed document; primarily upon the broad ground of its alleged infringement upon state rights. Seven states have rigid anti-compact laws, and will not tamely surrender their

application to the authority of the federal government. Many of the states control rates and acquisition costs and have no thought of delegating such practice to local agency groups.

It grows increasingly evident that when an official hearing takes place, the code as filed will be subjected to a barrage of opposition from many quarters and for varying reasons.

### ASK DELAY IN CODE

The Missouri Association of Insurance Agents at their meeting in Jefferson City adopted a resolution that no final action should be taken on a code for the insurance business until the companies have been given an opportunity to participate.

The National Association of Insurance Agents was asked to delay action on the code 90 days so the companies could come under its scope if they choose.

Some of those attending the meeting expressed the opinion, however, that action had been delayed too long. They said the companies had been playing a waiting game and had no intention of taking steps to become parties to the code.

R. S. Whitlock has purchased the Dane M. Greer agency, Bentonville, Ark.

## Results from Educational Course of Aetna Casualty

In all 32,430 lessons were completed in 1933 by students enrolled for the Aetna Casualty & Surety educational course, according to figures released by Vice-president W. L. Mooney. Compared with the number of lessons completed in 1932, this is an increase of more than 9,000. Since April 1, 1927, when Aetna Casualty first started its course, students have completed more than 91,000 lessons. The largest single month in the history of the course was November, 1933, when students completed 3,815 lessons.

In addition to the regular enrollment, lessons in the course are being used as the basis for study in 35 supervising offices where more than 500 Aetna Casualty representatives are regularly attending weekly classes.

Home office casualty and surety sales training courses for commission producers will be operated by the Aetna Life companies in 1934 on a schedule calling for seven five-week classes during the year. The first class is now in session. The second will start Feb. 26.

# COMPLETENESS



**The time is coming when the insurance agent will become the Insurance Counsellor.**

**Modern people, ever conservative of time and interests, will one day seek out the ONE responsible agency.**

**A Continental connection can help you bring this day closer. Continental facilities, service, development—evidence of Continental DURABILITY—are ideal in completeness.**

## CONTINENTAL ASSURANCE

CHICAGO



## CASUALTY COMPANIES

ILLINOIS

## FIDELITY AND SURETY NEWS

### Interesting Decision Given

#### Point Is Decided When Two Sureties Executed a Bond on Same Principal

The appellate division, first department New York state has unanimously reversed the appellate term and the city court awarding the Indemnity of America judgment of \$1,278 against the American Surety, the amount of the loss which the Indemnity of North America paid on the bond of an auctioneer running to an individual. The American Surety was surety on the same auctioneer on a statutory bond.

The effect of the decision is that where each of two sureties executed a bond for the same principal, one bond being pursuant to a private agreement between the principal and a third person, and the other being pursuant to statute and covering the principal in an official capacity, and a single loss accrues which is common to both bonds, the surety on the private bond is not

co-surety with the surety on the official bond with regard to the loss in question, and the loss must be borne by the surety which executed the statutory bond.

The opinion by Justice Glennen gives the facts in substance as follows: Wallace H. Day, auctioneer, on Dec. 23, 1930, agreed to sell certain oil paintings for John Bister and gave Bister a bond for \$30,000 executed by the Indemnity of North America, to guarantee that Day would turn over to him the proceeds of the sale, less certain deductions. Day's license as an auctioneer had expired the previous June and in order to get it renewed he was obliged to file a statutory bond for \$2,000. He secured this bond from the American Surety.

### New Act Improves Alabama Official Bond Experience

BIRMINGHAM, ALA., Jan. 17.—Surety companies are having much more favorable experience with bonds on Ala-

bama tax officials under a law passed by the last legislature, which limits liability of the company in case of bank failure and requires the tax official to make frequent reports of funds on hand.

In case a bank fails or becomes insolvent the law provides that the state shall have a preferred claim for the amount of funds on deposit and that the tax official and his surety shall not be liable. The tax collector must make weekly reports, distributions and remittances to the proper authorities, or as often as necessary to prevent his having on hand at any time for more than 24 hours more than \$7,500.

Before the passage of this law it was becoming harder and harder for a tax official to obtain a bond. In fact the measure was passed on this account. They are now having no trouble along that line and the companies are satisfied with the results.

### E. D. Livingston Retires

E. D. Livingston, who was formerly president of the Seaboard Surety of New York and later was elected chairman of the board and director, has retired entirely from the company. He has been in delicate health. He started 33 years ago with the Fidelity & Deposit.

## Lloyds Is Barred in South Dakota

(CONTINUED FROM PAGE 29)

insurance must report to the commissioner and pay 5 percent tax on the gross premium. Other statutes bearing on the admission of companies are cited. These provisions, he said, make clear that Lloyds of London is not such an insurer or surety as may do business in the state, first and foremost because the statute expressly provides that Lloyds is an unauthorized insurer.

### INQUIRY PROBABLY ENDED

NEW YORK, Jan. 17.—The ruling of the South Dakota attorney general will probably put to an end agitation caused by the offering to South Dakota banks of London Lloyds coverage, under the representation that it had the approval of the American Bankers Association. The insurance committee of the American Bankers Association had been investigating alleged misrepresentation in the selling of Lloyds coverage in that state, but the inquiry, so far as South Dakota is concerned, will now probably be terminated.

The insurance committee of the bankers association is now concentrating its interest on the action of surety companies in withdrawing deposits from banks, which carry Lloyds coverage, and patronizing the banks, which are insured through regular channels. The Excise Bond Underwriters Bureau recently withdrew \$81,000 from a bank, insured in London Lloyds, and deposited in the Bank of the Manhattan Company.

Now that the Continental-Illinois National Bank & Trust Co. of Chicago has received \$50,000,000 from the Reconstruction Finance Corporation, representations have been made to the RFC in behalf of causing the Continental bank to carry its insurance with regular companies. That bank has been carrying London Lloyds coverage. Heretofore Jesse H. Jones, chairman of the RFC, has declined to take action, but since he has stepped in and dictated the appointment of the chairman of that bank, there is some hope that he may be induced to bring his influence to bear on the sort of insurance carried.

## Mead Advocates English System

(CONTINUED FROM PAGE 29)

this country is an indictment against everyone in the business. Company officials are asking themselves whether they dare take a chance on impairing the financial structures of their companies by continuing in compensation if the present evils cannot be eradicated. Discontinuance of the business by a few companies is not the answer since that means the burden will prove more severe on those that continue. Adequate premium rates must be secured and general expense, particularly medical costs, must be reduced.

Assistance of commissioners, industrial accident boards and legislative bodies must be secured. "We must strike and strike hard immediately to avoid a catastrophe in the insurance business. Each and every agent must assist by directing educational work on the general subject.

"The very life of the compensation insurance business, a private business enterprise peculiarly linked with the social and economic needs of our country, is at stake."

### Carl Hansen in Mining Line

Carl M. Hansen, former president of the defunct International Reinsurance, has been in Chicago during the last few weeks visiting his married daughter. Mr. Hansen is now residing at Helena, Mont., where with his two sons he is engaged in silver mining.

*The Sign of Good Casualty Insurance*

**London Guarantee & Accident Company, Ltd.**

J. M. HAINES, U. S. Manager  
55 FIFTH AVENUE, NEW YORK, N. Y.

*Established in 1869, the "London Guarantee" is one of the oldest and strongest casualty companies in the world.*

**Dependability**  
For sixty-five years the "London GUARANTEE" has fulfilled every obligation to its agents and policyholders—whether for protection or service.

**Security**  
No business crisis, past or present, has affected the strong financial structure of this worldwide institution.

## NEWS OF THE COMPANIES

### National Surety Statement

**Figures Are Shown on Eight Months Operations as of End of the Year Just Closed**

The National Surety has issued its annual statement as of Dec. 31, showing \$5,714,802 in volume of business for the eight months of its operations. Its interest income was \$214,877. The net income after paying out all disbursements was \$362,880. During the period its securities enhanced in market value \$463,892. Its cash is \$1,600,852, increase \$573,605 or more than 50 percent since June 30. The stocks and bonds carried at the market value amount to \$5,996,954. The premiums in course of collection are \$1,642,000. The premium reserve is \$4,107,807, claim reserve \$1,159,206. The reserve paid in for claims and other contingencies set up when the new company was organized and steadily being absorbed in the premium and claim reserves as originally contemplated, shows a further marked reduction at \$1,299,887, as compared with \$4,416,742 on June 30 last. Capital and surplus aggregate \$4,000,000, its net surplus being \$3,000,000. Its assets are \$11,309,023.

#### President Cullen's Comment

President Vincent Cullen states that the corporation has reduced materially the lines which have shown an unfavorable loss ratio in previous years. "A major part of our business," he says, "was derived from lines where the bonds and policies are cancellable by their terms which enables the management to supervise and control its losses to a material extent."

The percentage of each class of business written was as follows: fidelity, 21.2 percent; public official, 7.0 percent; bankers and brokers blanket bonds, 13.1 percent; surety, 29.5 percent; burglary, 15.2 percent; plate glass, .9 percent; credit, 3.5 percent; forgery and fraud bonds, 9.6 percent.

### U. S. F. & G. Has Good Report

**Premium Decline Not Serious—R. F. C. Loan Reduced—Securities on Market Value—Expenses Down**

Net premiums of the United States Fidelity & Guaranty in 1933 amounted to \$28,823,201, President Davis reported to stockholders. This is a decline from 1932 of only 9.3 percent. About 3 percent of the decline was due to voluntary reduction in compensation writing. Total income amounted to \$30,674,545. Securities were carried at market values and a security fluctuation reserve of \$5,403,831 is created. Net surplus amounted to \$5,278,104 and capital of \$2,000,000.

Loans to the RFC were reduced \$350,000 during December and at the end of the year stood at \$4,900,000. Securities pledged for this loan have a market value of \$1,800,000 in excess of the market value at the time the loan was made.

Each of the last four months of 1933 showed an increase in volume over the same months of 1932. Operating expenses were cut sharply and the 1933 salaries were less by \$2,222,037 than in 1930.

#### Increase in Assets

The Mid-West Automobile Underwriters, Freeport, Ill., reports a 10 percent increase in assets and a 22 percent increase in surplus in 1933, the assets now totaling \$169,871 and the surplus \$85,003. A low loss ratio was maintained in 1933.

### Tremaine Chosen President

**New York State Comptroller and Prominent Buffalo Capitalist Heads Merchants Mutual Casualty**

M. S. Tremaine, prominent Buffalo capitalist and state comptroller of New York, has been elected president of the Merchants Mutual Casualty of that city to succeed the late O. B. Augspurger. Mr. Tremaine is a native of Fort Dodge, Kan., and went to Buffalo in his early years. He entered the lumber business and became a partner of Montgomery Bros. & Co., lumber dealers at Buffalo. In 1903 he was elected president of the Toledo Fire & Marine and in 1905 was chosen president of the National Lumber Insurance Company. Both of these have retired. He later was elected president of the J. G. Wilson Corporation of New York and Virginia. In 1918 he assisted in the formation of the Merchants Mutual Casualty. He is now serving his fourth term as

comptroller of New York state. He started when Alfred E. Smith was governor.

### Maryland Casualty Results

**Premium Drop More Than Offset by Savings in Expenses—Statement to Be Sent Later**

BALTIMORE, Jan. 17.—Total premiums written by the Maryland Casualty last year aggregated \$20,021,000, President F. Highlands Burns reported at the annual stockholders' meeting. While this is a loss, it was more than offset by reductions in claim and operating expenses, Mr. Burns said. A reduction of \$5,672,000 was effected, of which \$3,975,000 was in claims and claim expenses. The board of directors was reelected and the annual statement will be mailed to stockholders shortly.

### National Surety's Policy as to Credit Insurance

In the last issue it was stated that only two companies are writing credit insurance, the London Guarantee & Ac-

ident and American Credit Indemnity. The National Surety is still writing credit insurance in a limited way. The new company was obliged to assume the credit policies of the old company in force May 1, as there was no means of canceling them or refusing to assume policies which were not in claim. Therefore a part of the credit insurance organization was maintained. Policies of a highly selected class are being renewed and the department is now operating on a basis of \$30,000 a month in credit premiums. The old National Surety wrote \$1,500,000 in annual premiums in credit lines. During the eight months period from May 1 to the end of the year, credit insurance amounted to 3.5 percent of the total writings of the National Surety.

### Angelus Indemnity Status

LOS ANGELES, Jan. 17.—The California department, which recently took charge of the Angelus Indemnity, following an examination by the department, announces that it is preparing to file an application for receivership. The existence of internal dissensions within the company has been known for some time. One of its former officials brought charges which led to indictments on fel-



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only counts against M. G. Phillips, president, and W. G. Glanz, executive vice-president. Pending action on the petition for receivership, the company is not accepting any business.

#### Economy Reports Increases

The Economy Auto of Freeport, Ill., increased the number of its new risks 35% percent in 1933, its total premiums increasing 8 percent. Premium reserves were increased 50 percent. The reserve for adjustment expenses was increased 3% percent in anticipation of continuing increased costs in repairs and replacement. Four percent has been added to the surplus.

#### To Rehabilitate Ohio Companies

COLUMBUS, Jan. 17.—The Continental Automobile Mutual of Columbus is to be rehabilitated in connection with the Lincoln Mutual Indemnity of Mansfield. Suit has been filed in the common pleas court at Columbus asking for liquidation. The Continental was organized in 1925.

**Mid-West Automobile Und., Ill.**—Assets, \$169,871; inc. in assets, \$15,081; cont. res., \$20,000; unearned prem., \$41,295; loss res., \$16,451; surplus, \$85,002; inc. in surplus, \$13,697.

## WORKMEN'S COMPENSATION

#### Pennsylvania Changes Made

**Governor's Committee Expects to Complete Work Soon—Four Recommendations Passed by Legislature**

HARRISBURG, PA., Jan. 17.—Governor Pinchot's special committee making a study of the Pennsylvania compensation law expects to complete its labors within the next three or four months. Dr. C. A. Kulp, University of Pennsylvania, is chairman of the group. At the recent special session of the legislature a preliminary report was presented covering proposed changes in the compensation law.

Recommendations of the committee were contained in 11 bills offered in the legislature. The four which passed have been approved by the governor. Under these new measures time is extended from 10 to 20 days for the filing of appeals from awards of compensation referees; time is extended from 10 to 20 days for filing appeals from awards of the compensation board with 30 days

for filing exceptions; employers are forbidden to accept receipts showing payment of compensation when no such payment has been made, and compensation agreements are to be made in triplicate, one copy going to the worker.

The committee has a force of 125 CWA workers making a case survey of injured workers receiving compensation payments.

#### Study Occupational Disease

NEW YORK, Jan. 17.—No issue facing officials of casualty companies writing workmen's compensation is causing more concern than the pronounced tendency in many states to adopt legislation broadening the number of compensable occupational diseases. In four states, "all-inclusive" coverage is in effect, while commissions to study the problem have been appointed elsewhere. At the suggestion of E. F. Andrews, New York industrial commissioner, the Compensation Insurance Rating Board of New York appointed a committee some months ago to study the subject of occupational diseases, with a view to preparing legislation. The committee of which Leon S. Senior, manager of the

bureau, is chairman ex-officio, reported at a meeting of all interests. A number of recommendations were discussed. Another general meeting will be held.

#### Want Claims Reopened

NEW YORK, Jan. 17.—That the casualty companies writing compensation insurance are not alone in receiving a pronounced increase in the number of applications for the reopening of claims thought to have been finally disposed of, is evidenced by the experience of the United States employes' compensation commission, which regards it as one result of the "widespread unemployment during the last few years."

#### To Investigate State Fund

Complaint having been made by certain members of the General Brokers Association of New York City of the alleged "arbitrary methods practiced by the state insurance fund, amounting to discrimination and oppression," the organization appointed a committee of five to investigate the matter.

#### Kentucky Silicosis Bill Passes

FRANKFORT, KY., Jan. 17.—The Kentucky house has passed a bill amending the workmen's compensation act by providing benefits for silicosis. The bill now goes to the senate.

## ACCIDENT AND HEALTH FIELD

#### Webb Now Group Secretary

**Provident Life & Accident Also Advances Nichols, Kropp, Nelligan and Bracewell**

W. Ray Webb, agency supervisor in the group department of the Provident Life & Accident, has been made secretary of the department. He will complete ten years of service in that department Jan. 31, having joined it immediately after leaving Georgia Tech. M. C. Nichols, who has been special field representative for both the group and railroad departments, has been appointed assistant to Vice-President J. W. Kirksey of the group department. He joined the company in 1930 and has had wide experience in the field.

Keith Kropp, former division claim manager in charge of railroad business, has been made associate manager of the claim department. He has been in claim work with the Provident for more than 13 years. J. T. Nelligan, adjuster in the group division, and Robert Bracewell, adjuster in the railroad division, have been made division managers in the claim department. Mr. Nelligan has been with the Provident for almost 25 years and Mr. Bracewell joined the company on graduating from the University of Chattanooga in 1926.

#### Receiver Is Asked

A petition asking for a receiver for the Union Standard Life of Princeton, Ind., has been filed by Philip Lutz, Jr., Indiana attorney-general. The company has been writing life, accident and health insurance on an assessment basis. It was organized last year.

#### New Company in Seattle

SEATTLE, Jan. 17.—The Public Service Life, Health & Accident has been licensed by Commissioner Sullivan. C. A. Magnuson, formerly with the Kansas City Life and also Colorado state manager of the Connecticut National Life, is president; C. H. Leber, for 18 years

#### CARRIER WANTED

Profitable volume group Health & Accident—Limited competition—Premium paid by employer. Care Y-16, The National Underwriter.

#### Miss Carlin Made Manager

DETROIT, Jan. 17.—Miss Anne Carlin, assistant Detroit manager of the Massachusetts Accident for the past nine months, has been appointed branch manager. She succeeds D. W. Dewar, who resigned in December to enter the brokerage business in Seattle. Miss Carlin has been in the office since it was established in 1932 with C. R. Frede as manager and Mr. Dewar as assistant. Mr. Dewar became manager following the death of Mr. Frede. Miss Carlin was formerly associated with the Travelers and Aetna.

#### A. & H. History Traced

William Clendenin, insurance research authority, was the speaker at the January meeting of the Accident & Health Insurance Club of Chicago, Monday, tracing the history of accident and health insurance from its earliest inception.

#### Open Stock for Liquor Dealers

Open stock burglary coverage is being rather freely written by casualty companies on liquor dealers of good reputation. A central station alarm is usually required. The burglary underwriters are getting many applications for holdup insurance on taverns, but very little of this is being placed.

#### Miller Portland President

Lowell Miller, Hartford Accident, has been elected president of the Portland (Ore.) Surety Association, succeeding W. A. King, American Surety. J. S. Laird was elected vice-president and Fred Reed, secretary-treasurer.

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# • RECENT COURT DECISIONS •

## FIRE & MARINE

### Appraisal Award Set Aside

**Course Justified Where Improper Deliberations Result in Award Far Below Actual Loss**

The United States circuit court of appeals for the 5th circuit (Texas) in Phoenix of London vs. Davis has held for the assured, who refused to be bound by the appraisal and sued on the policy.

When the company's adjuster offered to settle for \$3,574, Davis refused to accept and an appraisal was made. The appraisers fixed the loss at \$2,177. The jury found for Davis \$5,450.

Although the agreement to appraise and abide by the appraisal is a binding one and the result ought generally to end disputes, the higher court held that fraud, misconduct, carelessness or partiality, which results in and is evidenced by an award grossly below the actual loss will justify the setting aside of the award.

Important evidence was the original estimate of loss by the adjuster, which was much higher than the appraisal. The lower court admitted the adjuster's figures over the objection that they were part of an offer of compromise. The higher court held in a civil case when there is serious dispute whether a fact was admitted because it was true or whether it was a concession to buy peace, that is an attempted compromise, the question may be submitted to the jury with instructions to disregard it if the latter.

### Informs Agent Foreclosure Started; Insurer Is Bound

When an assured notifies the agent that foreclosure proceedings have been instituted and requested him to do the needful so far as the policy was concerned, the insurer is estopped from asserting forfeiture of the policy. This is the holding of the Arizona supreme court in North America vs. Williams et al.

The assured testified he said to Darling, the agent, "You have been handling my insurance; you do it your way to protect me."

This, according to the supreme court, was sufficient to put the insurer on notice that the assured was relying on it to do whatever was necessary to see that his interests were properly protected and good faith required that if the North America intended to enforce the forfeiture clause it was its duty to inform the assured of that fact within a reasonable time so he might protect himself by tendering additional premium or by securing another policy. These findings are sufficient to show an estoppel on the part of the North America.

### Fails to Prove a Contract

A promise or undertaking to pay is not a payment, the Kentucky court of appeals held in Home vs. Caldwell. Caldwell did not have a policy and had not paid a premium. The evidence was that the agent told him that he could not figure the premium, but his partner would do so, and that Caldwell should return and pay it and in the meantime he would be covered. Caldwell never returned.

The court held that Caldwell utterly failed to prove or establish a contract defectively alleged in his petition. At the best, he established an executory contract on his part, to wit, a promise to pay the premium.

### Mortgagee's Right Protected

#### Failure of Insured to File Proof Within 60 Days Does Not Harm Mortgagee

Failure on the part of the insured to furnish proof of loss within 60 days does not invalidate the policy, so far as the mortgagee is concerned, according to the United States district court for the southern district of Florida in Reeder vs. Twin City Fire.

The mortgagee clause, according to the court, constitutes a separate and independent contract between the mortgagee and the insurance company. Only two obligations are imposed on the mortgagee, that he must on demand pay the premium due when the mortgagor neglects to do so and shall notify the company of a change of ownership or increase of hazard. Otherwise the policy shall not be invalidated by any act of neglect of the mortgagor or owner.

There is no provision as to filing proof of loss within the mortgagee's contract. There is no duty imposed upon the mortgagee to constantly keep in touch with the property or the mortgagor's obligations, to see that there is a compliance with the policy terms.

### Yes, It Was Goforth

The Arkansas supreme court has held for the Fidelity & Guaranty Fire, which denied liability on the ground that the assured had set the building on fire.

## CASUALTY & SURETY

### Co-Suretyship Does Not Exist

#### Interesting Question Involved as to Depository Coverage When Two Banks Are Merged

When two banks are merged, separate surety companies which had issued depository bonds covering state funds in the independent banks, do not become co-sureties. This was the holding of the Pennsylvania supreme court, western district, in Fidelity & Casualty vs. American Surety. The F. & C. had the bond on the Pittsburgh State Bank and the American Surety on the American Bank. These two institutions were merged and after the consolidated bank failed, the American Surety paid the amount which the state had carried in the American Bank and had transferred to the consolidated bank, less certain withdrawals that the state had made before the failure of the merged bank. The withdrawal by the state was from the "general fund." At the time of the merger only \$7,000 of the state's deposit in the Pittsburgh State Bank was designated "general fund" while in the American Bank there was \$62,500 with this designation. The state withdrew \$30,000 from the general fund after the merger. Therefore, the higher court held that the state must have been paid with funds coming from the American Bank. These payments consequently reduced the liability of the American Surety to \$32,500, which has been paid.

The balance remains due and owing from the Fidelity & Casualty. Ferrell stated he signed the release at the request of Brink and because Brink assured him it was merely for Brink's protection and that it would not cancel the policy nor be a settlement in full, but merely up to the time it was esti-

The case was Fidelity & Guaranty Fire vs. Goforth.

A witness testified that on the night of the fire, he met a man coming from the assured's home, who spoke to him, struck at him and then ran away, and that this man was about the same size as Goforth.

The supreme court held that, in view of the fact that the witness had known Goforth all of his life, was close to him and chased him 40 or 50 yards, it was competent for him to give his opinion as to whether it was Goforth. The trial court committed a reversible error in excluding the evidence.

### Counts Day of Receipt of Notice in Computing Time

Reversing the lower court, the Massachusetts supreme judicial court has held for the insurer in a case involving the question of whether 10 days had elapsed from the time of giving notice of cancellation on the part of the assured until the fire occurred. The case was Corey vs. National Ben Franklin.

The cancellation notice was received by Corey sometime before noon, Aug. 6. The fire occurred about 10 p. m., Aug. 16.

The higher court held that when service is to be made or notice given, the day of the notice or service is to be included in the computation of time. The rule of inclusion of the day of notice is applicable where, as in this case, the notice was received before noon of Aug. 6, and before the dawn of the insurance day. Ten full insurance days had elapsed subsequently to the service of the notice of cancellation before noon on Aug. 6 and the time of the fire at 10 o'clock p. m. on Aug. 16.

### Assured's Release Held Valid

#### No Reasonable Excuse Was Offered for Failure to Read Contract Says Court

The Arizona supreme court has upheld the validity of a release, given by an assured to the Mutual Benefit Health & Accident. The case was Mutual Benefit Health & Accident vs. Ferrell.

Ferrell had a slight illness and was referred by Resident Manager Brink of the Mutual Benefit Health & Accident to Dr. Hicks. Later Ferrell again became ill and consulted Dr. Hicks, who told him he had been on the verge of tuberculosis, but in 30 days he would be well.

While Ferrell was in a sanitarium, he was visited by Brink who quoted Dr. Hicks as saying that the disability was about over and for a \$500 settlement Ferrell executed a release in full settlement of any and all claims against the Mutual Benefit and released all right, title, claim, interest accruing under the policy.

Ferrell stated he signed the release at the request of Brink and because Brink assured him it was merely for Brink's protection and that it would not cancel the policy nor be a settlement in full, but merely up to the time it was esti-

lated he could return to work. The lower court held for Ferrell.

### Guest Killed in Crash; Insurer Sued Directly

Holding that the Wisconsin statute passed in 1931 abrogates the policy provision: "No action shall lie against the company until damages are fixed by final judgment against the assured," the Wisconsin supreme court has held against the insured and insurer in a guest suit. The case was Lang exrx, vs. Baumann, et al.

Lang, a guest in Baumann's car, was killed in a collision at an intersection, the street being covered with ice and snow.

#### Speed Not a Factor

The supreme court held the establishment of a speed limit for a residential district does not mean persons driving at less than that speed are as a matter of law exonerated from negligence with respect to speed. The roads were extremely icy, and even assuming that the jury should not have been permitted to infer a greater speed than 20 miles an hour, they had the right to infer negligence in approaching an obstructed corner on an icy street at that rate of speed.

There was no showing of any habits of negligent driving known to Lang and after which he might be held to have assumed the risk. There is no evidence that Baumann had been driving at an excessive rate of speed for a sufficient length of time to call for protest on the part of Lang.

### Repairs Don't Survive Job; Covered in Contract Bond

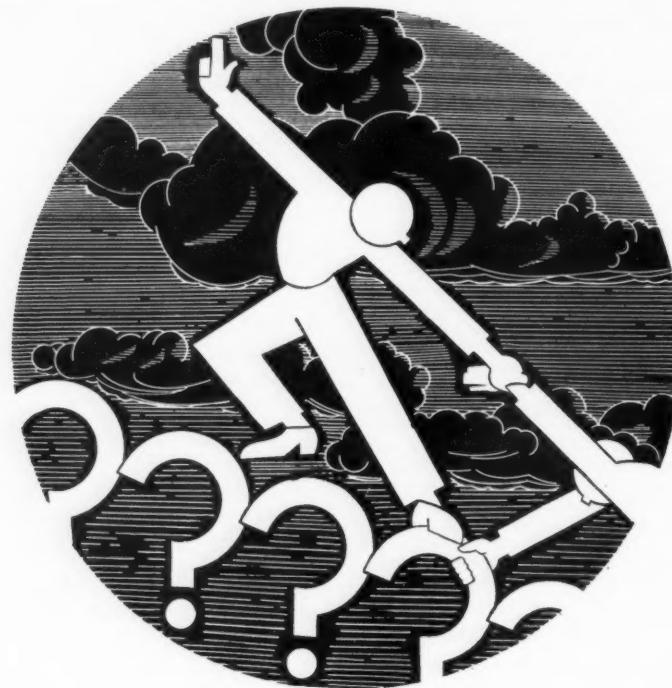
Liability under a contract bond is established if the materials furnished or the labor performed is necessary for the prosecution of the work, according to the Oregon supreme court in State vs. Metropolitan Casualty. The court held the bond should not be construed to cover liability for repairs that add materially to the value of the contractor's equipment and that may be used by him on other contracts, but the reason for the distinction between minor and major repairs fails when the repairs made do not survive the job. A hard and fast rule cannot be laid down whereby the surety's liability arising out of repairs to equipment can be determined with mathematical certainty. Each case must be considered upon its own particular facts. In the present case, all the labor performed and material furnished were reasonably necessary for the prosecution of the work and were substantially consumed in its prosecution.

#### Use of Car Authorized

When prolonged, frequent and habitual use of an automobile has been with the knowledge and acquiescence of the owner, that use must be regarded as amounting to an authorization and a permission within the policy. That was the decision of the Connecticut supreme court of errors in deciding against the insurer, in the case of Tomasetti, administrator, vs. Maryland Casualty.

there was neither a common burden nor a common principal. The merger of the bank did not alter this relationship. The obligation of the sureties was fixed by their separate contracts before the merger and could be neither increased nor diminished by the agreement of consolidation to which they were not parties.

# CERTAINLY WE'LL GIVE YOU A LIFT



Life is one question mark after another for the insurance agent or broker. His ability to answer a variety of questions has much to do with his success. In the 1933 issues of *The Employers' Pioneer* we tried to help him answer some of the questions relating to his business, including those which were in the minds of the prospects but were never uttered. In 1934 we're going to keep trying. To the insurance fraternity we say "Sure, we'll give you a lift." We realize our growth depends a great deal upon our ability to do just that. We hope to help you over some of the bumps by the kind of material published in *The Employers' Pioneer*. Why not send for a copy of the January issue. There is no obligation on your part. Address the Publicity Department of The Employers' Group, 110 Milk Street, Boston, Mass. . . . The Employers' Group includes The Employers' Liability Assurance Corporation, Ltd., The Employers' Fire Insurance Company and the American Employers' Insurance Company.

